

**Franklin Street Properties Corp. Announces
Third Quarter 2016 Results**

Wakefield, MA—October 25, 2016—Franklin Street Properties Corp. (the “Company”, “FSP”, “we” or “our”) (NYSE MKT: FSP), a real estate investment trust (REIT), announced its results for the third quarter ended September 30, 2016.

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

“As the fourth quarter begins, we continue to believe that full-year 2016 will mark the bottom of the reductive effects that our ongoing property portfolio transition is having on Funds From Operations (FFO). Our current forecast is for resumed FFO growth in 2017 propelled from our projected realization of increased positive leasing metrics in our more recently acquired urban office properties, many of which contain meaningful value-add square footage; select new investments and redevelopment efforts. We look forward with anticipation to the balance of 2016 and beyond.”

Highlights

- FFO was \$26.7 million or \$0.26 per share, for the third quarter ended September 30, 2016, and Net Income was \$2.5 million, or \$0.02 per share for the third quarter ended September 30, 2016.
- We are updating our full year FFO guidance for 2016 to be approximately \$1.03 per diluted share and, for the fourth quarter of 2016, we estimate FFO to be approximately \$0.24 per diluted share. FFO guidance is being adjusted primarily to reflect the increased shares outstanding from our recent equity offering.
- Adjusted Funds From Operations (AFFO) was \$0.18 per share for the third quarter ended September 30, 2016.
- Portfolio was approximately 89.5% leased as of September 30, 2016.
- Expanded our presence in Midtown Atlanta, GA with the acquisition of Pershing Park Plaza for \$45.5 million.
- On August 16, 2016, we completed an equity offering issuing 7,043,750 shares of common stock and raising \$82.9 million in proceeds, net of offering expenses and underwriter discounts.
- On July 21, 2016, we extended the maturity of our \$400 million term loan from September 27, 2017 to September 27, 2021. On July 22, 2016, we entered into a forward interest rate swap that fixed the base LIBOR interest rate for that extension period at 1.12%. Accordingly, based upon our credit rating as of September 30, 2016, the interest rate when the extension commences would be 2.57%.

Leasing Update

- Our directly owned real estate portfolio of 36 properties totaling approximately 9.7 million square feet was approximately 89.5% leased as of September 30, 2016.
- During the quarter, we leased approximately 270,000 square feet, of which approximately 127,000 square feet was with new tenants.
- Executed leases with NCS Pearson for approximately 30,800 square feet at Northwest Point, Elk Grove, IL; Blackboard for approximately 28,700 square feet at River Crossing, Indianapolis, IN; Centene Management Company for approximately 26,600 square feet at Timberlake, Chesterfield, MO and Behringer Harvard for approximately 30,800 square feet at Addison Circle, Addison, TX.

Acquisition and Disposition Update

- Acquired the 160,000 SF Pershing Park Plaza in Midtown Atlanta, GA on August 10, 2016 for \$45.5 million.
- Acquired the 325,800 SF Plaza Seven in downtown Minneapolis, MN on June 6, 2016 for \$82 million.
- Active potential acquisition pipeline. Currently working on up to approximately \$150 million in one or more potential urban/CBD acquisitions within our five core markets.
- Active potential disposition pipeline. Currently working on up to approximately \$100 million in one or more potential dispositions.

801 Marquette Avenue, Minneapolis, MN Development Update

- Continuing our efforts to transform the property into a premier asset with a similar experience to warehouse/brick and timber buildings.
- Interior demolition and construction work commenced during the third quarter.
- Expected costs are anticipated to total between \$15 and \$20 million including all leasing expenses, and should result in about 120,000 RSF.
- Upon completion, expect to attain rents of approximately \$15 to \$18 weighted average GAAP rent per square foot compared to previously expired rents of about \$4.75 net per square foot.
- Anticipate construction completion at the end of first quarter 2017.

Dividend Update

On October 7, 2016, the Company announced that its Board of Directors declared a regular quarterly dividend for the three months ended September 30, 2016 of \$0.19 per share of common stock that will be paid on November 10, 2016 to stockholders of record on October 21, 2016.

Non-GAAP Financial Information

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

FFO Guidance

We are updating our full year FFO guidance for 2016 to be approximately \$1.03 per diluted share and, for the fourth quarter of 2016, we estimate FFO to be approximately \$0.24 per diluted share. This guidance (a) excludes the impact of future acquisitions, developments, dispositions, debt financings or repayments or other capital market transactions; (b) reflects estimates from our ongoing portfolio of properties, other real estate investments and general and administrative expenses; and (c) reflects our current expectations of economic conditions. We will update guidance quarterly in our earnings releases. There can be no assurance that the Company's actual results will not differ materially from the estimates set forth above.

Real Estate Update

Supplementary schedules provide property information for the Company's owned real estate portfolio and for two non-consolidated REITs in which the Company holds preferred stock interests as of September 30, 2016. The Company will also be filing an updated supplemental information package that will provide stockholders and the financial community with additional operating and financial data. The Company will file this supplemental information package with the SEC and make it available on its website at www.fspreit.com.

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

Earnings Call

A conference call is scheduled for October 26, 2016 at 9:00 a.m. (ET) to discuss the third 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.fspreit.com) at least ten minutes prior to the start of the call and follow the posted directions. The webcast will also be available via replay from the above location starting one hour after the call is finished.

About Franklin Street Properties Corp.

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

Forward-Looking Statements

Statements made in this press release that state FSP's or management's intentions, beliefs, expectations, or predictions for the future may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This press release may also contain forward-looking statements 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, acquisitions, dispositions, performance or achievements. We will not update any of the forward-looking statements after the date of this press release to conform them to actual results or to changes in our expectations that occur after such date, other than as required by law.

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

(in thousands, except per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Rental	\$ 61,925	\$ 60,386	\$ 179,738	\$ 178,200
Related party revenue:				
Management fees and interest income from loans	1,338	1,470	4,108	4,355
Other	17	21	54	62
Total revenue	63,280	61,877	183,900	182,617
Expenses:				
Real estate operating expenses	16,905	15,951	47,126	45,951
Real estate taxes and insurance	10,218	9,941	29,522	29,458
Depreciation and amortization	23,298	22,911	68,095	68,790
Selling, general and administrative	3,419	3,071	10,443	10,163
Interest	6,767	6,425	19,617	18,977
Total expenses	60,607	58,299	174,803	173,339
Income before interest income, equity in losses of non-consolidated REITs, other, gain (loss) on sale of properties and property held for sale, less applicable income tax and taxes	2,673	3,578	9,097	9,278
Interest income	—	—	—	1
Equity in losses of non-consolidated REITs	(196)	(284)	(568)	(644)
Other	621	—	(388)	—
Gain (loss) on sale of properties and property held for sale, less applicable income tax	(523)	1	(1,166)	11,411
Income before taxes on income	2,575	3,295	6,975	20,046
Taxes on income	117	129	326	444
Net income	\$ 2,458	\$ 3,166	\$ 6,649	\$ 19,602
Weighted average number of shares outstanding, basic and diluted	103,709	100,187	101,370	100,187
Net income per share, basic and diluted	\$ 0.02	\$ 0.03	\$ 0.07	\$ 0.20

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

(in thousands, except share and par value amounts)	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Assets:		
Real estate assets:		
Land	\$ 177,505	\$ 170,021
Buildings and improvements	1,713,296	1,637,066
Fixtures and equipment	3,205	2,528
	1,894,006	1,809,615
Less accumulated depreciation	326,485	299,991
Real estate assets, net	1,567,521	1,509,624
Acquired real estate leases, less accumulated amortization of \$116,206 and \$112,844, respectively	102,226	108,046
Investment in non-consolidated REITs	75,761	77,019
Asset held for sale	8,893	—
Cash and cash equivalents	13,372	18,163
Restricted cash	48	23
Tenant rent receivables, less allowance for doubtful accounts of \$200 and \$130, respectively	3,331	2,898
Straight-line rent receivable, less allowance for doubtful accounts of \$50 and \$50, respectively	50,742	48,502
Prepaid expenses and other assets	6,460	5,484
Related party mortgage loan receivables	79,045	118,641
Other assets: derivative asset	—	1,132
Office computers and furniture, net of accumulated depreciation of \$1,496 and \$1,333, respectively	370	484
Deferred leasing commissions, net of accumulated amortization of \$20,853 and \$20,002, respectively	32,676	28,999
Total assets	\$ 1,940,445	\$ 1,919,015
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 278,000	\$ 290,000
Term loans payable, less unamortized financing costs of \$4,364 and \$2,353, respectively	615,636	617,647
Accounts payable and accrued expenses	53,964	49,489
Accrued compensation	3,238	3,726
Tenant security deposits	4,719	4,829
Other liabilities: derivative liabilities	12,651	8,243
Acquired unfavorable real estate leases, less accumulated amortization of \$9,997 and \$9,368, respectively	9,289	9,425
Total liabilities	977,497	983,359
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$.0001 par value, 180,000,000 shares authorized, 107,231,155 and 100,187,405 shares issued and outstanding, respectively	11	10
Additional paid-in capital	1,356,457	1,273,556
Accumulated other comprehensive loss	(12,263)	(7,111)
Accumulated distributions in excess of accumulated earnings	(381,257)	(330,799)
Total stockholders' equity	962,948	935,656
Total liabilities and stockholders' equity	\$ 1,940,445	\$ 1,919,015

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

(in thousands)	For the Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 6,649	\$ 19,602
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	69,750	70,340
Amortization of above market lease	(104)	(96)
Equity in losses of non-consolidated REITs	568	644
Hedge ineffectiveness	388	—
Gain (loss) on sale of properties and property held for sale, less applicable income tax	1,166	(11,411)
Increase (decrease) in allowance for doubtful accounts	70	(125)
Changes in operating assets and liabilities:		
Restricted cash	(25)	708
Tenant rent receivables	(503)	1,310
Straight-line rents	(2,094)	(1,573)
Lease acquisition costs	(679)	(463)
Prepaid expenses and other assets	(1,667)	(997)
Accounts payable, accrued expenses and other items	1,478	(603)
Accrued compensation	(488)	(522)
Tenant security deposits	(110)	101
Payment of deferred leasing commissions	(9,147)	(4,254)
Net cash provided by operating activities	65,252	72,661
Cash flows from investing activities:		
Property acquisitions	(100,302)	(66,104)
Acquired real estate leases	(18,873)	(10,604)
Property improvements, fixtures and equipment	(22,097)	(15,005)
Distributions in excess of earnings from non-consolidated REITs	691	81
Repayment of related party mortgage loan receivable	39,596	—
Proceeds received on sales of real estate assets	20,058	55,659
Net cash used in investing activities	(80,927)	(35,973)
Cash flows from financing activities:		
Distributions to stockholders	(57,108)	(57,107)
Proceeds from equity offering	83,511	—
Offering costs	(544)	—
Borrowings under bank note payable	155,000	95,000
Repayments of bank note payable	(167,000)	(63,000)
Deferred financing costs	(2,975)	—
Net cash provided by (used in) financing activities	10,884	(25,107)
Net increase (decrease) in cash and cash equivalents	(4,791)	11,581
Cash and cash equivalents, beginning of year	18,163	7,519
Cash and cash equivalents, end of period	\$ 13,372	\$ 19,100

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	122,849	1.3%
2017	749,059	7.7%
2018	1,169,759	12.1%
2019	1,319,416	13.6%
2020	948,806	9.8%
Thereafter (2)	5,373,957	55.5%
	<u>9,683,846</u>	<u>100.0%</u>

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

(2) Includes 1,016,391 square feet of current vacancies.

(dollars & square feet in 000's)

<u>State</u>	<u>As of September 30, 2016</u>				
	<u># of Properties</u>	<u>Investment</u>	<u>% of Portfolio</u>	<u>Square Feet</u>	<u>% of Portfolio</u>
Texas	9	\$ 359,076	23.0%	2,417	25.4%
Colorado	5	425,990	27.3%	2,010	21.1%
Georgia	5	324,905	20.8%	1,998	19.3%
Virginia	4	91,397	5.8%	685	7.2%
Minnesota (a)	2	92,089	5.9%	632	6.6%
North Carolina	2	54,039	3.5%	322	3.4%
Missouri	2	44,996	2.9%	352	3.7%
Illinois	2	44,360	2.8%	372	3.9%
Maryland	1	49,844	3.2%	325	3.4%
Florida	1	40,893	2.6%	213	2.2%
Indiana	1	30,700	2.0%	205	2.2%
California	1	3,758	0.2%	36	0.4%
Washington (b)	1	—	0.0%	117	1.2%
Total	<u>36</u>	<u>\$ 1,562,047</u>	<u>100.0%</u>	<u>9,684</u>	<u>100.0%</u>

(a) Excludes approximately \$5,474, which is our investment in a property being redeveloped.

(b) Includes asset held for sale of \$8,893.

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

**Recurring Capital Expenditures
 Owned Portfolio**

	Three Months Ended 30-Sep-16	Nine Months Ended 30-Sep-16	Three Months Ended 30-Sep-15	Nine Months Ended 30-Sep-15
Tenant improvements	\$ 3,325	\$ 6,583	\$ 1,794	\$ 8,150
Deferred leasing costs	2,247	8,826	1,490	3,859
Non-investment capex	2,211	3,701	1,090	3,144
	<u>\$ 7,783</u>	<u>\$ 19,110</u>	<u>\$ 4,374</u>	<u>\$ 15,153</u>

Square foot & leased percentages

	September 30, 2016	December 31, 2015
Owned portfolio of commercial real estate		
Number of properties (a)	36	36
Square feet	9,683,846	9,494,953
Leased percentage	89.5%	91.6%
Investments in non-consolidated REITs		
Number of properties	2	2
Square feet	1,396,071	1,396,071
Leased percentage	73.8%	73.5%
Single Asset REITs (SARs) managed		
Number of properties	5	7
Square feet	1,075,135	1,487,026
Leased percentage	89.6%	77.0%
Total owned, investments & managed properties		
Number of properties	43	45
Square feet	12,155,052	12,378,050
Leased percentage	87.7%	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 30-Sep-16	% Interest Held
FSP 303 East Wacker Drive Corp.	Chicago	IL	861,000	66.8%	43.7%
FSP Grand Boulevard Corp.	Kansas City	MO	535,071	85.0%	27.0%
			<u>1,396,071</u>	<u>73.8%</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 30-Jun-16</u>	<u>Second Quarter Average % Leased (2)</u>	<u>% Leased (1) as of 30-Sep-16</u>	<u>Third 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	234,496	96.3%	96.3%	100.0%	98.8%
5	FEDERAL WAY	Federal Way, WA	117,010	61.6%	61.6%	61.6%	61.6%
6	NORTHWEST POINT	Elk Grove Village, IL	176,848	100.0%	100.0%	100.0%	100.0%
7	TIMBERLAKE EAST	Chesterfield, MO	117,036	96.2%	96.2%	100.0%	98.7%
8	PARK TEN	Houston, TX	157,460	65.4%	63.9%	65.4%	65.4%
9	ADDISON	Addison, TX	288,667	97.7%	95.6%	94.0%	97.2%
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	91.7%	91.7%	96.6%	93.4%
13	LIBERTY PLAZA	Addison, TX	218,934	81.7%	81.7%	81.5%	81.8%
14	INNSBROOK	Glen Allen, VA	298,456	100.0%	100.0%	100.0%	100.0%
15	380 INTERLOCKEN	Broomfield, CO	240,185	93.2%	93.2%	93.2%	93.2%
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	90.4%	90.4%	94.0%	92.6%
19	390 INTERLOCKEN	Broomfield, CO	241,751	94.6%	94.2%	95.2%	95.2%
20	EAST BALTIMORE	Baltimore, MD	325,445	83.7%	83.6%	76.5%	81.3%
21	PARK TEN PHASE II	Houston, TX	156,746	100.0%	100.0%	100.0%	100.0%
22	LOUDOUN TECH	Dulles, VA	136,658	92.0%	92.0%	92.0%	92.0%
23	4807 STONECROFT	Chantilly, VA	111,469	100.0%	100.0%	100.0%	100.0%
24	121 SOUTH EIGHTH ST	Minneapolis, MN	305,990	56.3%	56.2%	56.0%	56.4%
25	EMPEROR BOULEVARD	Durham, NC	259,531	100.0%	100.0%	100.0%	100.0%
26	LEGACY TENNYSON CTR	Plano, TX	202,600	100.0%	100.0%	65.6%	77.1%
27	ONE LEGACY	Plano, TX	214,110	100.0%	100.0%	100.0%	100.0%
28	909 DAVIS	Evanston, IL	195,080	80.4%	83.2%	80.5%	80.5%
29	ONE RAVINIA DRIVE	Atlanta, GA	386,603	94.8%	94.8%	91.8%	92.6%
30	TWO RAVINIA	Atlanta, GA	442,130	81.3%	82.4%	78.1%	78.1%
31	WESTCHASE I & II	Houston, TX	629,025	84.0%	84.0%	84.0%	84.1%
32	1999 BROADWAY	Denver, CO	676,379	80.0%	81.0%	81.5%	81.3%
33	999 PEACHTREE	Atlanta, GA	621,946	95.3%	95.3%	95.7%	95.7%
34	1001 17th STREET	Denver, CO	655,420	87.6%	87.6%	89.0%	88.1%
35	PLAZA SEVEN (3)	Minneapolis, MN	326,222	96.4%	96.4%	95.6%	95.6%
36	PERSHING PLAZA (4)	Atlanta, GA	160,145	(4)	(4)	97.4%	97.4%
	TOTAL WEIGHTED AVERAGE		9,683,846	90.1%	90.1%	89.5%	89.8%

- (1) % Leased as of month's end includes all leases that expire on the last day of the quarter.
- (2) Average quarterly percentage is the average of the end of the month leased percentage for each of the 3 months during the quarter.
- (3) Property was acquired June 6, 2016, averages are for the period held in the Second Quarter.
- (4) Property was acquired August 10, 2016, averages are for the period held in the Third Quarter.

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

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

As of September 30, 2016

	Tenant	Sq Ft	% of Portfolio
1	Quintiles IMS Healthcare Incorporated	259,531	3.0%
2	CITGO Petroleum Corporation	248,399	2.9%
3	Newfield Exploration Company	234,495	2.7%
4	US Government	223,433	2.6%
5	Sutherland Asbill Brennan LLP	222,422	2.6%
6	Burger King Corporation	212,619	2.5%
7	Centene Management Company, LLC	206,262	2.4%
8	Citicorp Credit Services, Inc	176,848	2.0%
9	SunTrust Bank	159,671	1.8%
10	T-Mobile South, LLC dba T-Mobile	151,792	1.8%
11	Petrobras America, Inc.	144,813	1.7%
12	Murphy Exploration & Production Company	144,677	1.7%
13	Jones Day	140,342	1.6%
14	Argo Data Resource Corporation	140,246	1.6%
15	Vail Corp d/b/a Vail Resorts	125,588	1.4%
16	Federal National Mortgage Association	123,144	1.4%
17	Kaiser Foundation Health Plan	120,979	1.4%
18	Giesecke & Devrient America	112,110	1.3%
19	Houghton Mifflin Harcourt Publishing Company	111,550	1.3%
20	Northrop Grumman Systems Corp	111,469	1.3%
	Total	3,370,390	38.9%

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

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

Reconciliation of Net Income to FFO and AFFO:	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share amounts)	2016	2015	2016	2015
Net income	\$ 2,458	\$ 3,166	\$ 6,649	\$ 19,602
Gain (loss) on sale of properties and property held for sale, less applicable income tax	523	(1)	1,166	(11,411)
GAAP loss from non-consolidated REITs	196	284	568	644
FFO from non-consolidated REITs	787	645	2,327	2,131
Depreciation & amortization	23,112	22,848	67,991	68,694
NAREIT FFO	27,076	26,942	78,701	79,660
Hedge ineffectiveness	(621)	—	388	—
Acquisition costs of new properties	215	12	349	154
Funds From Operations (FFO)	\$ 26,670	\$ 26,954	\$ 79,438	\$ 79,814
Funds From Operations (FFO)	\$ 26,670	\$ 26,954	\$ 79,438	\$ 79,814
Reverse FFO from non-consolidated REITs	(787)	(645)	(2,327)	(2,131)
Distributions from non-consolidated REITs	332	27	691	81
Amortization of deferred financing costs	622	516	1,656	1,550
Straight-line rent	(119)	(930)	(2,094)	(1,573)
Tenant improvements	(3,325)	(1,794)	(6,583)	(8,150)
Leasing commissions	(2,247)	(1,490)	(8,826)	(3,859)
Non-investment capex	(2,211)	(1,090)	(3,701)	(3,144)
Adjusted Funds From Operations (AFFO)	\$ 18,935	\$ 21,548	\$ 58,254	\$ 62,588
Per Share Data				
EPS	\$ 0.02	\$ 0.03	\$ 0.07	\$ 0.20
FFO	\$ 0.26	\$ 0.27	\$ 0.78	\$ 0.80
AFFO	\$ 0.18	\$ 0.22	\$ 0.57	\$ 0.62
Weighted average shares (basic and diluted)	103,709	100,187	101,370	100,187

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

Funds From Operations (“FFO”)

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

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

Other real estate companies and NAREIT, may define this term in a different manner. We have included the NAREIT FFO as of May 17, 2016 in the table and note that other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently than we do.

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

Adjusted Funds From Operations (“AFFO”)

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

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

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

results of the Company, AFFO should be examined in connection with net income and cash flows from operating, investing and financing activities in the consolidated financial statements.



Franklin Street Properties

Supplemental Operating and Financial Data

Third Quarter 2016

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



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



1001 17th Street, Denver, CO



Company Information

Overview

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

Our Business

As of September 30, 2016, the Company owned and operated a portfolio of real estate consisting of 36 properties, managed seven Sponsored REITs and held five promissory notes secured by mortgages on real estate owned by Sponsored REITs. From time-to-time, the Company may acquire, develop or redevelop real estate, make additional secured loans or acquire one of its Sponsored REITs. The Company may also pursue, on a selective basis, the sale of its properties in order to take advantage of the value creation and demand for its properties, or for geographic or property specific reasons.

Management Team

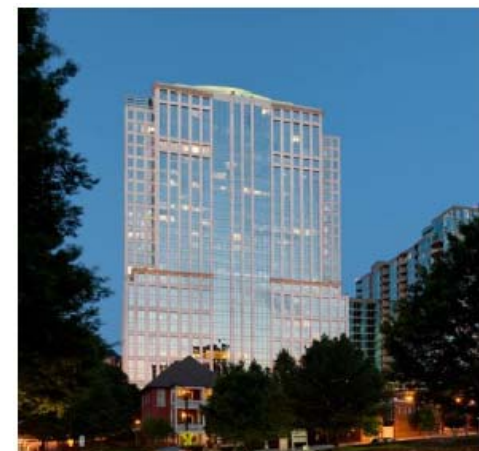
George J. Carter Chief Executive Officer and Chairman of the Board	Jeffrey B. Carter President and Chief Investment Officer
John G. Demeritt Executive Vice President, Chief Financial Officer and Treasurer	Scott H. Carter Executive Vice President, General Counsel and Secretary
John F. Donahue Executive Vice President	Eriel Anchondo Executive Vice President and Chief Operating Officer

Inquiries

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

Snapshot (as of September 30, 2016)

Corporate Headquarters	Wakefield, MA
Fiscal Year-End	31-Dec
Total Properties	36
Total Square Feet	9.7 Million
Trading Symbol	FSP
Exchange	NYSE MKT
Common Shares Outstanding	107,231,155
Quarterly Dividend	\$0.19
Dividend Yield	6.0%
Total Market Capitalization	\$2.2 Billion
Insider Holdings	3.9%



999 Peachtree Street, Atlanta, GA



Summary of Financial Highlights

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

	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15	30-Sep-15
Income Items:					
Rental revenue	\$ 61,925	\$ 59,453	\$ 58,360	\$ 59,656	\$ 60,386
Total revenue	63,280	60,807	59,813	61,250	61,877
Adjusted EBITDA*	32,356	32,144	31,637	32,112	32,567
Equity in losses of non-consolidated REITs	(196)	(86)	(286)	(807)	(284)
Net income	2,458	1,612	2,579	15,412	3,166
FFO*	26,670	26,731	26,037	27,076	26,954
Per Share Data:					
EPS	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.15	\$ 0.03
FFO*	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.27	\$ 0.27
Weighted Average Shares (diluted)	103,709	100,187	100,187	100,187	100,187
Closing share price	\$ 12.60	\$ 12.27	\$ 10.61	\$ 10.35	\$ 10.75
Dividend	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Payout Ratio:	74%	71%	73%	70%	71%
Balance Sheet Items:					
Real estate, net	\$ 1,567,521	\$ 1,526,936	\$ 1,487,281	\$ 1,509,624	\$ 1,530,691
Other assets, net	372,924	368,481	374,104	409,391	393,103
Total assets, net	1,940,445	1,895,417	1,861,385	1,919,015	1,923,794
Total liabilities, net	977,497	1,000,434	948,301	983,359	989,500
Shareholders' equity	962,948	894,983	913,084	935,656	934,294
Market Capitalization and Debt:					
Total Market Capitalization (a)	\$ 2,249,113	\$ 2,159,299	\$ 1,947,988	\$ 1,946,940	\$ 1,997,015
Total debt outstanding (excluding unamortized financing costs)	898,000	930,000	885,000	910,000	920,000
Debt to Total Market Capitalization	39.9%	43.1%	45.4%	46.7%	46.1%
Debt to Adjusted EBITDA	6.9	7.2	7.0	7.1	7.1
Owned Portfolio Leasing Statistics (b):					
Owned portfolio assets	36	35	35	36	36
Portfolio total SF	9,683,846	9,523,054	9,325,249	9,494,953	9,640,904
Portfolio % leased	89.5%	90.1%	90.2%	91.6%	90.5%

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

(b) For periods in 2016, excludes one property held for redevelopment located in Minneapolis, Minnesota.

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



Condensed Consolidated Income Statements

(\$ in thousands, except per share amounts)

	For the Three Months Ended			Nine Months	For the Three Months Ended				For the
	31-Mar-16	30-Jun-16	30-Sep-16	Ended 30-Sep-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	Year Ended 31-Dec-15
Revenue:									
Rental	\$ 58,360	\$ 59,453	\$ 61,925	\$ 179,738	\$ 59,013	\$ 58,801	\$ 60,386	\$ 59,656	\$ 237,856
Related party revenue:									
Management fees and interest income from loans	1,433	1,337	1,338	4,108	1,473	1,412	1,470	1,575	5,930
Other	20	17	17	54	21	20	21	19	81
Total revenue	59,813	60,807	63,280	183,900	60,507	60,233	61,877	61,250	243,867
Expenses:									
Real estate operating expenses	15,292	14,929	16,905	47,126	15,356	14,644	15,951	15,939	61,890
Real estate taxes and insurance	9,150	10,154	10,218	29,522	10,048	9,469	9,941	9,202	38,660
Depreciation and amortization	22,445	22,352	23,298	68,095	22,672	23,207	22,911	22,569	91,359
Selling, general and administrative	3,530	3,494	3,419	10,443	3,691	3,401	3,071	3,128	13,291
Interest	6,433	6,417	6,767	19,617	6,187	6,365	6,425	6,455	25,432
Total expenses	56,850	57,346	60,607	174,803	57,954	57,086	58,299	57,293	230,632
Income before interest income, equity in losses of non-consolidated REITs, other, gain (loss) on sale of properties and property held for sale, less applicable income tax and taxes	2,963	3,461	2,673	9,097	2,553	3,147	3,578	3,957	13,235
Interest income	—	—	—	—	1	—	—	—	1
Equity in losses of non-consolidated REITs	(286)	(86)	(196)	(568)	(322)	(38)	(284)	(807)	(1,451)
Other	—	(1,009)	621	(388)	—	—	—	—	—
Gain (loss) on sale of properties and provision for loss on property held for sale, less applicable income tax	—	(643)	(523)	(1,166)	10,462	948	1	12,251	23,662
Income before taxes on income	2,677	1,723	2,575	6,975	12,694	4,057	3,295	15,401	35,447
Income tax expense	98	111	117	326	161	154	129	(11)	433
Net income	\$ 2,579	\$ 1,612	\$ 2,458	\$ 6,649	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
Weighted average number of shares outstanding, basic and diluted	100,187	100,187	103,709	101,370	100,187	100,187	100,187	100,187	100,187
Net income per share, basic and diluted	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.07	\$ 0.13	\$ 0.04	\$ 0.03	\$ 0.15	\$ 0.35



Condensed Consolidated Balance Sheets

(in thousands)

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



Condensed Consolidated Statements of Cash Flows

(in thousands)

	Nine Months ended September 30,		Twelve Months ended December 31,	
	2016	2015	2015	2014
Cash flows from operating activities:				
Net income	\$ 6,649	\$ 19,602	\$ 35,014	\$ 13,148
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	69,750	70,340	93,426	97,916
Amortization of above market lease	(104)	(96)	(158)	635
Hedge ineffectiveness	388	-	—	—
(Gain) loss on sale of properties and property held for sale, less applicable income tax	1,166	(11,411)	(23,662)	(940)
Equity in earnings (losses) from non-consolidated REITs	568	644	1,451	1,760
Increase in allowance for doubtful accounts	70	(125)	(195)	275
Changes in operating assets and liabilities:				
Restricted cash	(25)	708	719	(99)
Tenant rent receivables	(503)	1,310	2,030	94
Straight-line rents	(2,094)	(1,573)	(2,448)	(4,737)
Lease acquisition costs	(679)	(463)	(1,487)	(440)
Prepaid expenses and other assets	(1,667)	(997)	422	700
Accounts payable and accrued expenses	1,478	(603)	5,505	206
Accrued compensation	(488)	(522)	(32)	773
Tenant security deposits	(110)	101	581	222
Payment of deferred leasing commissions	(9,147)	(4,254)	(8,276)	(6,347)
Net cash provided by operating activities	65,252	72,661	102,890	103,166
Cash flows from investing activities:				
Property acquisitions	(100,302)	(66,104)	(66,104)	—
Acquired real estate leases	(18,873)	(10,604)	(10,604)	—
Property improvements, fixtures and equipment	(22,097)	(15,005)	(21,929)	(18,561)
Distributions in excess of earnings from non-consolidated REITs	691	81	107	107
Investment in related party mortgage loan receivable	—	—	(25,000)	(11,170)
Repayment of related party mortgage loan receivable	39,596	—	—	17,275
Proceeds received on sales of real estate assets	20,058	55,659	85,426	14,192
Net cash provided by (used in) investing activities	(80,927)	(35,973)	(38,104)	1,843
Cash flows from financing activities:				
Distributions to stockholders	(57,108)	(57,107)	(76,142)	(76,142)
Proceeds (costs) from equity offering, net	82,967	-	—	—
Borrowings under bank note payable	155,000	95,000	110,000	15,000
Repayments of bank note payable	(167,000)	(63,000)	(88,000)	(53,500)
Deferred Financing Costs	(2,975)	-	—	(2,471)
Net cash provided by (used in) financing activities	10,884	(25,107)	(54,142)	(117,113)
Net increase (decrease) in cash and cash equivalents	(4,791)	11,581	10,644	(12,104)
Cash and cash equivalents, beginning of period	18,163	7,519	7,519	19,623
Cash and cash equivalents, end of period	\$ 13,372	\$ 19,100	\$ 18,163	\$ 7,519



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

(in thousands)	Rentable Square Feet or RSF	Three Months Ended			Nine Months Ended 30-Sep-16	Three Months Ended			Nine Months Ended 30-Sep-15	Inc (Dec)	% Change
		31-Mar-16	30-Jun-16	30-Sep-16		31-Mar-15	30-Jun-15	30-Sep-15			
Region											
East	1,333	\$ 4,671	\$ 4,604	\$ 4,602	\$ 13,877	\$ 4,736	\$ 4,648	\$ 4,703	\$ 14,087	\$ (210)	(1.5)%
MidWest	1,235	2,958	3,103	2,973	9,034	2,915	2,941	2,950	8,806	228	2.6 %
South	4,025	16,020	16,256	15,346	47,622	15,781	15,995	15,971	47,747	(125)	(0.3)%
West	2,163	8,438	8,591	8,199	25,228	7,859	8,221	8,170	24,250	978	4.0 %
Same Store	8,756	32,087	32,554	31,120	95,761	31,291	31,805	31,794	94,890	871	0.9 %
Acquisitions	928	1,180	1,350	2,928	5,458	0	1,057	1,067	2,124	3,334	3.4 %
Property NOI from the continuing portfolio	9,684	33,267	33,904	34,048	101,219	31,291	32,862	32,861	97,014	4,205	4.3 %
Dispositions, Non-Operating, Development or Redevelopment		200	5	(4)	201	1,733	1,033	956	3,722	(3,521)	(3.7)%
Property NOI*		\$ 33,467	\$ 33,909	\$ 34,044	\$ 101,420	\$ 33,024	\$ 33,895	\$ 33,817	\$ 100,736	\$ 684	0.7 %
Same Store		\$ 32,087	\$ 32,554	\$ 31,120	\$ 95,761	\$ 31,291	\$ 31,805	\$ 31,794	\$ 94,890	\$ 871	0.9 %
Less Nonrecurring Items in NOI (a)		413	586	146	1,145	75	81	420	576	569	(0.6)%
Comparative Same Store		\$ 31,674	\$ 31,968	\$ 30,974	\$ 94,616	\$ 31,216	\$ 31,724	\$ 31,374	\$ 94,314	\$ 302	0.3 %

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

* See page 11 for a reconciliation of Net Income to Property NOI and the Appendix for Definition of Non-GAAP Measures beginning on page 27.



FFO* & AFFO* Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended			Nine Months Ended	For the Three Months Ended				For the Year Ended
	31-Mar-16	30-Jun-16	30-Sep-16	30-Sep-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Net income	\$ 2,579	\$ 1,612	\$ 2,458	\$ 6,649	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
(Gain) loss on sale of properties and property held for sale, less applicable income tax	—	643	523	1,166	(10,462)	(948)	(1)	(12,251)	(23,662)
GAAP income from non-consolidated REITs	286	86	196	568	322	38	284	807	1,451
FFO from non-consolidated REITs	645	895	787	2,327	601	885	645	601	2,732
Depreciation & amortization	22,527	22,352	23,112	67,991	22,678	23,168	22,848	22,507	91,201
NAREIT FFO*	26,037	25,588	27,076	78,701	25,672	27,046	26,942	27,076	106,736
Hedge ineffectiveness	—	1,009	(621)	388	—	—	—	—	—
Acquisition costs	—	134	215	349	—	142	12	—	154
Funds From Operations (FFO)*	\$ 26,037	\$ 26,731	\$ 26,670	\$ 79,438	\$ 25,672	\$ 27,188	\$ 26,954	\$ 27,076	\$ 106,890
Adjusted Funds From Operations (AFFO)*									
Funds From Operations (FFO)*	\$ 26,037	\$ 26,731	\$ 26,670	\$ 79,438	\$ 25,672	\$ 27,188	\$ 26,954	\$ 27,076	\$ 106,890
Reverse FFO from non-consolidated REITs	(645)	(895)	(787)	(2,327)	(601)	(885)	(645)	(601)	(2,732)
Distributions from non-consolidated REITs	27	332	332	691	27	27	27	26	107
Amortization of deferred financing costs	517	517	622	1,656	517	517	516	518	2,068
Straight-line rent	(1,275)	(700)	(119)	(2,094)	(69)	(574)	(930)	(875)	(2,448)
Tenant improvements	(1,929)	(1,329)	(3,325)	(6,583)	(2,936)	(3,420)	(1,794)	(3,788)	(11,938)
Leasing commissions	(1,613)	(4,966)	(2,247)	(8,826)	(830)	(1,539)	(1,490)	(3,952)	(7,811)
Non-investment capex	(438)	(1,052)	(2,211)	(3,701)	(643)	(1,411)	(1,090)	(1,162)	(4,306)
Adjusted Funds From Operations (AFFO)*	\$ 20,681	\$ 18,638	\$ 18,935	\$ 58,254	\$ 21,137	\$ 19,903	\$ 21,548	\$ 17,242	\$ 79,830
Per Share Data:									
EPS	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.07	\$ 0.13	\$ 0.04	\$ 0.03	\$ 0.15	\$ 0.35
FFO*	0.26	0.27	0.26	0.78	0.26	0.27	0.27	0.27	1.07
AFFO*	0.21	0.19	0.18	0.57	0.21	0.20	0.22	0.17	0.80
Weighted Average Shares (basic and diluted)	100,187	100,187	103,709	101,370	100,187	100,187	100,187	100,187	100,187

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



EBITDA* Reconciliation

(in thousands, except ratio amounts)

	Three Months Ended			Nine Months Ended	Three Months Ended			Year Ended	
	31-Mar-16	30-Jun-16	30-Sep-16	30-Sep-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Net income	\$ 2,579	\$ 1,612	\$ 2,458	\$ 6,649	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
Interest expense	6,433	6,417	6,767	19,617	6,187	6,365	6,425	6,455	25,432
Depreciation and amortization	22,527	22,352	23,112	67,991	22,678	23,168	22,848	22,507	91,201
Income taxes	98	111	117	326	161	154	129	(11)	433
EBITDA*	31,637	30,492	32,454	94,583	41,559	33,590	32,568	44,363	152,080
(Gain) loss on sale of properties and property held for sale, less applicable income tax	—	643	523	1,166	(10,462)	(948)	(1)	(12,251)	(23,662)
Hedge ineffectiveness	—	1,009	(621)	388	—	—	—	—	—
Adjusted EBITDA*	\$ 31,637	\$ 32,144	\$ 32,356	\$ 96,137	\$ 31,097	\$ 32,642	\$ 32,567	\$ 32,112	\$ 128,418
Interest expense	\$ 6,433	\$ 6,417	\$ 6,767	\$ 19,617	\$ 6,187	\$ 6,365	\$ 6,425	\$ 6,455	\$ 25,432
Scheduled principal payments	—	—	—	—	—	—	—	—	—
Interest and scheduled principal payments	\$ 6,433	\$ 6,417	\$ 6,767	\$ 19,617	\$ 6,187	\$ 6,365	\$ 6,425	\$ 6,455	\$ 25,432
Interest coverage ratio	4.92	5.01	4.78	4.90	5.03	5.13	5.07	4.97	5.05
Debt service coverage ratio	4.92	5.01	4.78	4.90	5.03	5.13	5.07	4.97	5.05
Debt (excluding unamortized financing costs)	\$ 885,000	\$ 930,000	\$ 898,000		\$ 860,000	\$ 920,000	\$ 920,000	\$ 910,000	
Adjusted EBITDA*	31,637	32,144	32,356		31,097	32,642	32,567	32,112	
Annualized	126,548	128,576	129,424		124,388	130,568	130,268	128,448	
Debt-to-EBITDA*	7.0	7.2	6.9		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			Nine Months	Three Months Ended				Year
	31-Mar-16	30-Jun-16	30-Sep-16	Ended 30-Sep-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	Ended 31-Dec-15
Net Income	\$ 2,579	\$ 1,612	\$ 2,458	\$ 6,649	\$ 12,533	\$ 3,903	\$ 3,166	\$ 15,412	\$ 35,014
Add (deduct):									
(Gain) loss on sale of properties and property held for sale,									
less applicable income taxes	—	643	523	1,166	(10,462)	(948)	(1)	(12,251)	(23,662)
Hedge ineffectiveness	—	1,009	(621)	388	—	—	—	—	—
Management fee income	(660)	(688)	(727)	(2,075)	(643)	(559)	(621)	(645)	(2,468)
Depreciation and amortization	22,445	22,352	23,298	68,095	22,672	23,207	22,911	22,569	91,359
Amortization of above/below market leases	81	—	(185)	(104)	6	(39)	(63)	(62)	(158)
Selling, general and administrative	3,530	3,494	3,419	10,443	3,691	3,401	3,071	3,128	13,291
Interest expense	6,433	6,417	6,767	19,617	6,187	6,365	6,425	6,455	25,432
Interest income	(1,279)	(1,171)	(1,184)	(3,634)	(1,262)	(1,278)	(1,293)	(1,397)	(5,230)
Equity in losses of non-consolidated REITs	286	86	196	568	322	38	284	807	1,451
Non-property specific items, net	52	155	100	307	(20)	(195)	(62)	(72)	(349)
Property NOI*	\$ 33,467	\$ 33,909	\$ 34,044	\$ 101,420	\$ 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 30-Sep-16	Interest Rate (a) Components	Interest Rate at 30-Sep-16	Facility Fee
BAML Revolver	29-Oct-18	\$ 500,000	\$ 278,000	L + 1.25%	1.77%	0.25%
BAML Term Loan	27-Sep-21	400,000	400,000	0.75% + 1.45%	2.20%	
BMO Term Loan	26-Aug-20	220,000	220,000	2.32% + 1.65%	3.97%	
		<u>\$ 1,120,000</u>	<u>\$ 898,000</u>		<u>2.50%</u>	

We have a bank facility we call the BAML Credit Facility, which is comprised of a revolver that we can borrow up to \$500 million on, which we call the BAML Revolver, and a term loan for \$400 million that we call the BAML Term Loan. We also have a term loan we call the BMO Term Loan for \$220 million. Additional information about these loans can be found in the footnotes to our financial statements. Pricing is based on our credit rating for the BAML Revolver, BAML Term Loan and the BMO Term Loan. Our credit rating as of September 30, 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 1.77% as of September 30, 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 base LIBOR fixed at 0.75% until September 27, 2017. At our credit rating, the spread for the BAML Term Loan is 1.45%, so our interest rate is 2.20%. On July 22, 2016, we extended the maturity date of the BAML Term Loan to September 27, 2021 (see below).
- On July 21, 2016, we amended the BAML Credit Facility to extend the maturity date applicable to the BAML Term Loan from September 27, 2017 to September 27, 2021 (the extension period), and amended financial covenants and definitions. We also amended the BMO Term Loan to conform covenants and definitions to the BAML Credit Facility. On July 22, 2016, we entered into a forward interest rate swap that fixed the base LIBOR interest rate for the extension period at 1.12%. Accordingly, based upon our credit rating as of September 30, 2016, the interest rate when the extension period of the BAML Term Loan commences would be 2.57%
- The BMO Term Loan has fixed base LIBOR at 2.32% until August 20, 2020. At our credit rating, the spread over LIBOR is 1.65%, so our interest rate is 3.97%.
- We incurred financing costs to close the BAML Revolver, BAML Term Loan and the credit facilities that preceded them. We also incurred financing costs in connection with 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 our 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.

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



Capital Analysis

(in thousands, except per share amounts)

	31-Mar-16	30-Jun-16	30-Sep-16	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15
Market Data:							
Shares Outstanding	100,187	100,187	107,231	100,187	100,187	100,187	100,187
Closing market price per share	\$ 10.61	\$ 12.27	\$ 12.60	\$ 12.82	\$ 11.31	\$ 10.75	\$ 10.35
Market capitalization	\$ 1,062,988	\$ 1,229,299	\$ 1,351,113	\$ 1,284,403	\$ 1,133,120	\$ 1,077,015	\$ 1,036,940
Total Debt	885,000	930,000	898,000	860,000	920,000	920,000	910,000
Total Market Capitalization	\$ 1,947,988	\$ 2,159,299	\$ 2,249,113	\$ 2,144,403	\$ 2,053,120	\$ 1,997,015	\$ 1,946,940
Dividend Data:							
Total dividends paid	\$ 19,036	\$ 19,036	\$ 19,036	\$ 19,036	\$ 19,036	\$ 19,035	\$ 19,035
Common dividend per share	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Quarterly dividend as a % of FFO*	73.1%	71.2%	73.9%	74.1%	70.0%	70.6%	70.3%
Liquidity:							
Cash and cash equivalents	\$ 14,316	\$ 7,524	\$ 13,372	\$ 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	900,000	900,000
Less:							
Outstanding balance	(665,000)	(710,000)	(678,000)	(640,000)	(700,000)	(700,000)	(690,000)
Total Liquidity	\$ 249,316	\$ 197,524	\$ 235,372	\$ 274,945	\$ 215,841	\$ 219,100	\$ 228,163

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



Owned Portfolio Overview

	As of the Quarter Ended				
	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15	30-Sep-15
Owned portfolio of commercial real estate:					
Number of properties (a)	36	35	35	36	36
Square feet	9,683,846	9,523,054	9,325,249	9,494,953	9,640,904
Leased percentage	89.5%	90.1%	90.2%	91.6%	90.5%
Investments in non-consolidated commercial real estate:					
Number of properties	2	2	2	2	2
Square feet	1,396,071	1,396,071	1,396,071	1,396,071	1,396,071
Leased percentage	73.8%	73.1%	73.9%	73.5%	71.2%
Single Asset REITs (SARs) managed:					
Number of properties	5	5	6	7	7
Square feet	1,075,135	1,075,135	1,191,135	1,487,026	1,487,026
Leased percentage	89.6%	86.1%	75.8%	77.0%	77.0%
Total owned, investments and managed properties:					
Number of properties	43	42	43	45	45
Square feet	12,155,052	11,994,260	11,912,455	12,378,050	12,524,001
Leased percentage	87.7%	87.8%	86.8%	87.8%	86.8%

(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
East Region							Midwest Region						
Baltimore							Chicago						
East Baltimore	Baltimore	MD	325,445	76.5%	83.3%	\$ 23.43	Northwest Point	Elk Grove Village	IL	176,848	100.0%	100.0%	\$ 24.64
							909 Davis Street	Evanston	IL	195,080	80.5%	84.1%	\$ 33.89
Washington, D.C.							Indianapolis						
Meadow Point	Chantilly	VA	138,537	100.0%	100.0%	\$ 27.01	River Crossing	Indianapolis	IN	205,059	96.6%	91.2%	\$ 20.18
Stonecroft	Chantilly	VA	111,469	100.0%	100.0%	\$ 38.08							
Loudoun Tech Center	Dulles	VA	136,658	92.0%	92.0%	\$ 18.54	St. Louis						
							Timberlake	Chesterfield	MO	234,496	100.0%	94.9%	\$ 21.62
Richmond							Timberlake East	Chesterfield	MO	117,036	100.0%	78.2%	\$ 22.51
Innsbrook	Glen Allen	VA	298,456	100.0%	100.0%	\$ 19.13	Minneapolis						
Charlotte							121 South 8th Street	Minneapolis	MN	305,990	56.0%	56.3%	\$ 21.17
Forest Park	Charlotte	NC	62,212	100.0%	100.0%	\$ 13.99	Plaza Seven	Minneapolis	MN	326,222	95.6%	90.2%	29.22
Raleigh-Durham													
Emperor Boulevard	Durham	NC	259,531	100.0%	100.0%	\$ 35.09							
East Region Total			1,332,308	93.4%	95.1%	\$ 25.54	Midwest Region Total			1,560,731	87.6%	83.8%	\$ 25.07

- (a) Weighted Occupied Percentage for the nine months ended September 30, 2016.
 (b) Weighted Average GAAP Rent per Occupied Square Foot.



Owned Portfolio Overview

MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent	MSA / Property Name	City	State	Square Feet	Percent Leased	Wtd Ave (a) Occupied	GAAP (b) Rent
South Region							West Region						
Dallas-Fort Worth							Seattle						
Legacy Tennyson Center	Plano	TX	202,600	65.6%	92.4%	\$ 18.88	Federal Way	Federal Way	WA	117,010	61.6%	62.1%	\$ 19.28
One Legacy Circle	Plano	TX	214,110	100.0%	99.8%	\$ 33.63	San Francisco-San Jose-Oakland						
Addison Circle	Addison	TX	288,667	94.0%	93.6%	\$ 27.15	Hillview Center	Milpitas	CA	36,288	100.0%	100.0%	\$ 16.38
Collins Crossing	Richardson	TX	300,887	100.0%	100.0%	\$ 24.51	Denver						
Liberty Plaza	Addison	TX	218,934	81.5%	80.1%	\$ 20.80	380 Interlocken	Broomfield	CO	240,185	93.2%	94.5%	\$ 29.61
Houston							1999 Broadway	Denver	CO	676,379	81.5%	81.4%	\$ 31.05
Park Ten	Houston	TX	157,460	65.4%	63.1%	\$ 31.70	Greenwood Plaza	Englewood	CO	196,236	100.0%	100.0%	\$ 24.36
Eldridge Green	Houston	TX	248,399	100.0%	100.0%	\$ 29.90	390 Interlocken	Broomfield	CO	241,751	95.2%	86.1%	\$ 27.75
Park Ten Phase II	Houston	TX	156,746	100.0%	100.0%	\$ 31.00	1001 17th Street	Denver	CO	655,420	89.0%	86.7%	\$ 34.94
Westchase I & II	Houston	TX	629,025	84.0%	84.8%	\$ 32.38	West Region Total						
Miami-Ft. Lauderdale-West Palm Beach													
Blue Lagoon Drive	Miami	FL	212,619	100.0%	100.0%	\$ 22.46				2,163,269	87.5%	86.0%	\$ 30.24
Atlanta							Total Owned						
One Overton Place	Atlanta	GA	387,267	94.0%	86.3%	\$ 24.60				9,683,846	89.5%	89.1%	\$ 27.44
One Ravinia	Atlanta	GA	386,603	91.8%	94.1%	\$ 23.65							
Two Ravinia	Atlanta	GA	442,130	78.1%	78.3%	\$ 26.16							
Pershing Plaza	Atlanta	GA	160,145	97.4%	97.4%	\$ 33.39							
999 Peachtree	Atlanta	GA	621,946	95.7%	95.1%	\$ 29.70							
South Region Total			4,627,538	89.9%	90.5%	\$ 27.50							

- (a) Weighted Occupied Percentage for the nine months ended September 30, 2016.
 (b) Weighted Average GAAP Rent per Occupied Square Foot.



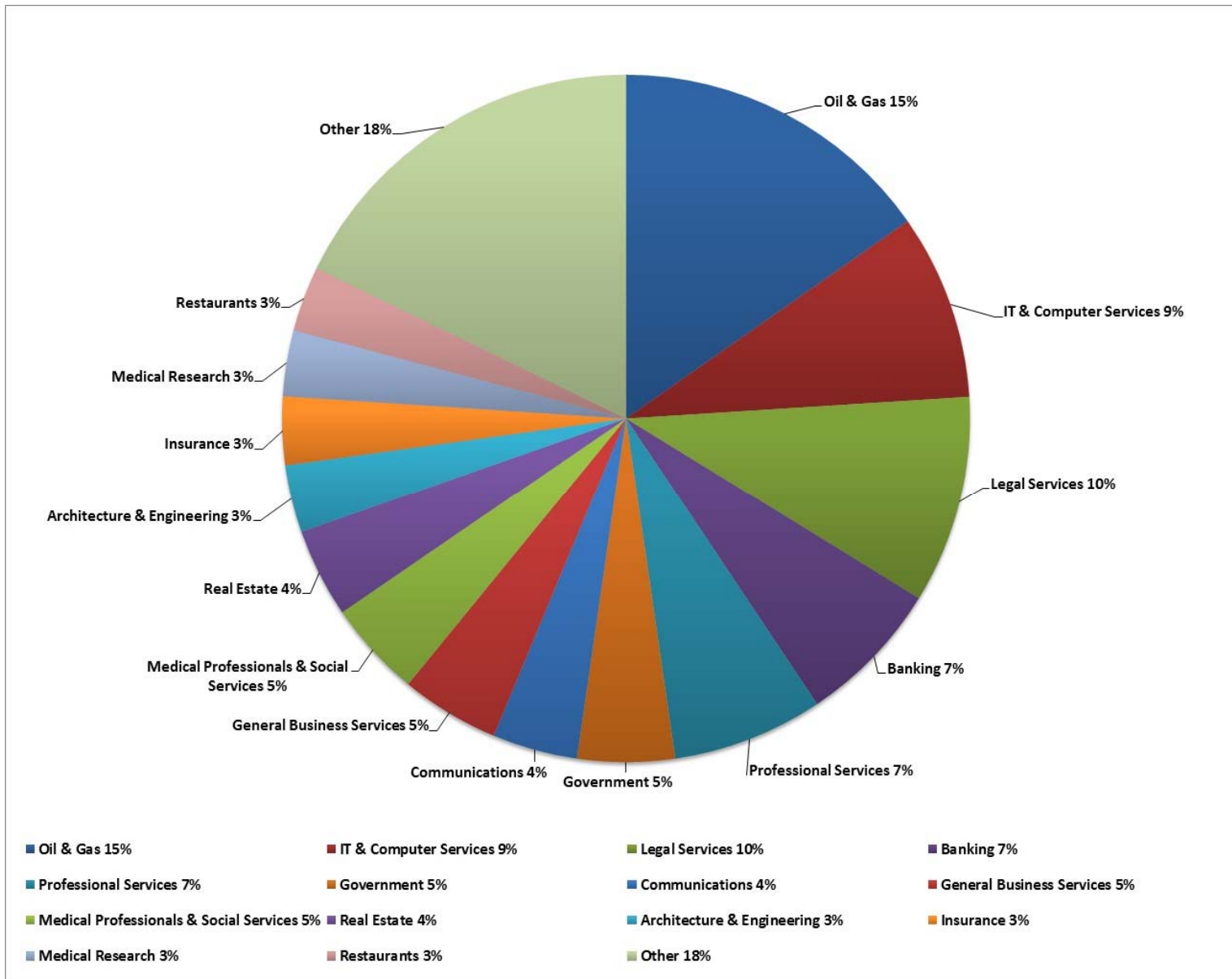
Managed Portfolio Overview

<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>
Southeast Region				Midwest Region			
Columbia				Chicago			
1441 Main Street	Columbia	SC	264,857	(a) East Wacker	Chicago	IL	861,000
Atlanta				Indianapolis			
Satellite Place	Duluth	GA	134,785	Monument Circle	Indianapolis	IN	213,760
Southeast Region Total			<u>399,642</u>	Kansas City			
Southwest Region				Cincinnati			
Houston				Centre Pointe V			
Energy Tower I	Houston	TX	325,797	(b) Grand Boulevard	Kansas City	MO	535,071
Southwest Region Total			<u>325,797</u>	Midwest Region Total			
				Total Managed			
				Total Owned & Managed			
				<u>1,745,767</u>			
				<u>2,471,206</u>			
				<u>12,155,052</u>			

(a) FSP has a Preferred Share Interest of 43.7% in the entity that owns this property.
 (b) FSP has a Preferred Share Interest of 27.0% in the entity that owns this property.

Tenants by Industry

(By Square Feet)





20 Largest Tenants with Annualized Rent and Remaining Term

	Tenant Name	Number of Leases	Remaining Lease Term in Months	Aggregate Leased Square Feet	% of Total Square Feet	Annualized Rent	% of Aggregate Leased Annualized Rent
1	Quintiles IMS Healthcare Incorporated (a)	1	116	259,531	3.0%	\$ 8,740,721	3.7%
2	CITGO Petroleum Corporation	1	65	248,399	2.9%	7,894,120	3.4%
3	Newfield Exploration Company	1	65	234,495	2.7%	8,919,478	3.8%
4	US Government (b)	5	3,20,34,48,59	223,433	2.6%	7,189,560	3.1%
5	Sutherland Asbill Brennan LLP	1	43	222,422	2.6%	7,010,151	3.0%
6	Burger King Corporation	1	24	212,619	2.5%	5,255,942	2.2%
7	Centene Management Company, LLC (c)	3	79,81,81	206,262	2.4%	2,911,046	1.2%
8	Citicorp Credit Services, Inc (d)	1	3, 131	176,848	2.0%	4,704,157	2.0%
9	SunTrust Bank (e)	2	48, 119	159,671	1.8%	3,075,309	1.3%
10	T-Mobile South, LLC dba T-Mobile	1	29	151,792	1.8%	3,854,412	1.6%
11	Petrobras America, Inc.	1	38	144,813	1.7%	5,387,043	2.3%
12	Murphy Exploration & Production Company	1	7	144,677	1.7%	4,790,659	2.0%
13	Jones Day	1	50	140,342	1.6%	4,533,900	1.9%
14	Argo Data Resource Corporation	1	83	140,246	1.6%	4,005,426	1.7%
15	Vail Corp d/b/a Vail Resorts (f)	2	33,81	125,588	1.4%	3,609,738	1.5%
16	Federal National Mortgage Association	1	24	123,144	1.4%	2,791,674	1.2%
17	Kaiser Foundation Health Plan	1	92	120,979	1.4%	3,094,764	1.3%
18	Giesecke & Devrient America	1	99	112,110	1.3%	1,948,472	0.8%
19	Houghton Mifflin Harcourt Publishing Company (g)	2	6, 126	111,550	1.3%	4,756,044	2.0%
20	Northrop Grumman Systems Corp	1	19	111,469	1.3%	4,571,697	1.9%
				Total	38.9%	\$ 99,044,312	42.2%

(a) Quintiles Transnational Corp. is now known as Quintiles IMS Healthcare Incorporated.

(b) Includes 180,444 and 27,398 square feet which expire in 2018 and 2017, respectively. The remaining 15,591 square feet expire between 2016 and 2021.

(c) Includes 62,019 SF, which commenced on 4/1/16, 117,618 SF, which commenced 12/15 and 26,625 commencing on 12/1/16.

(d) Includes 30,588 square feet, which expire 12/31/16 and 146,260 square feet, which expire 8/31/27.

(e) Includes 32,171 square feet, which expire 10/31/16 and 127,500 square feet, which expire 9/30/21.

(f) Includes 38,293 square feet, which expire 3/31/19. The remaining 87,295 square feet expire 3/31/23.

(g) Includes 50,128 square feet, which expire on 3/31/17 and 60,522 square feet, which expire on 3/31/27.



Leasing Activity

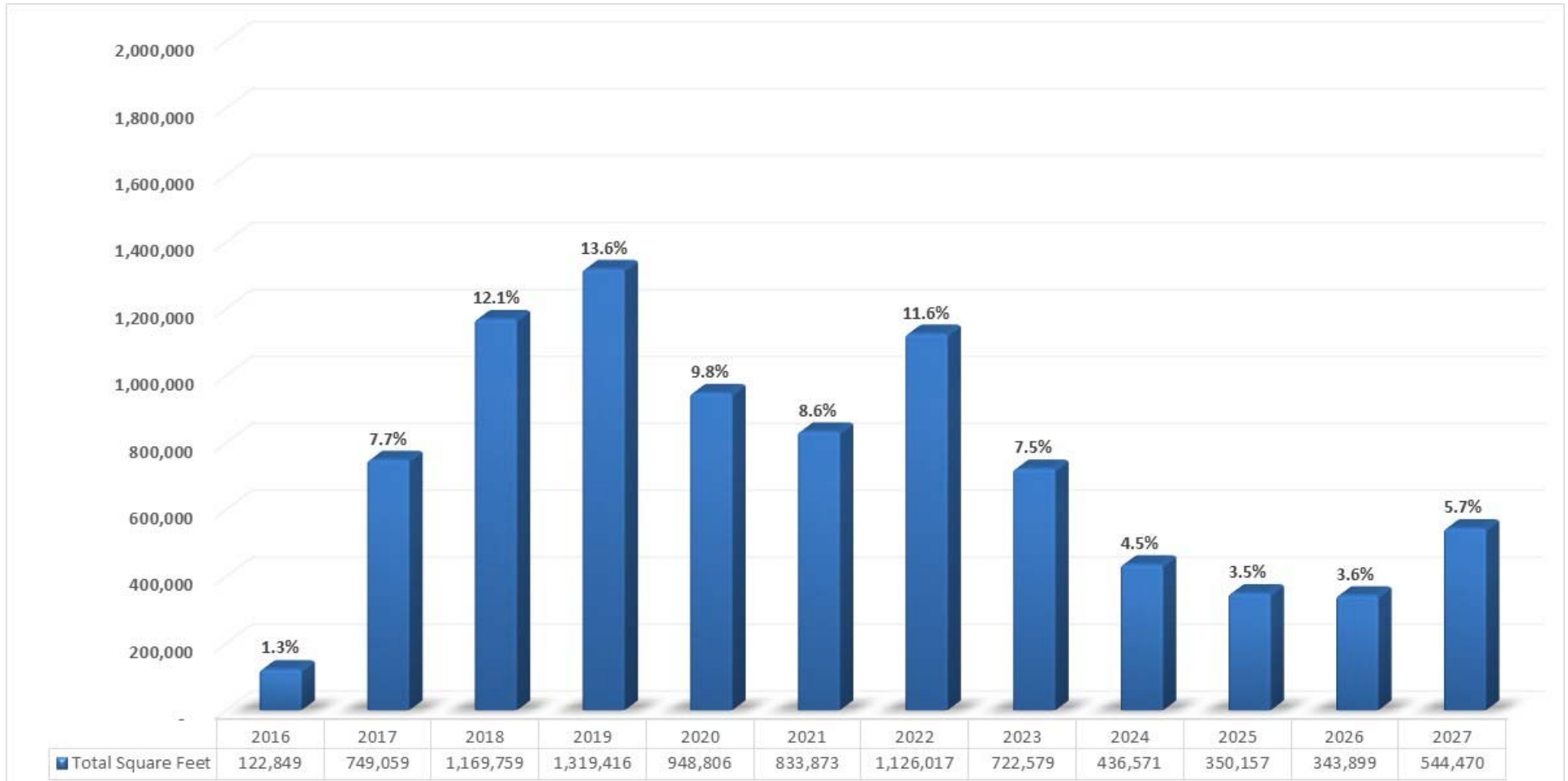
(Owned Portfolio)

Leasing Activity (in Square Feet - SF)	Nine Months Ended		Year Ended	Year Ended
	30-Sep-16	30-Sep-15	31-Dec-15	31-Dec-14
New leasing	211,000	262,000	362,000	149,000
Renewals	658,000	454,000	957,000	635,000
	<u>869,000</u>	<u>716,000</u>	<u>1,319,000</u>	<u>784,000</u>
Other information per SF				
(Activity on a year-to-date basis)				
GAAP Rents on leasing	\$ 27.94	\$ 26.70	\$ 28.66	\$ 26.89
Weighted average lease term	6.8 Years	5.2 Years	5.3 Years	6.25 Years
Increase over average GAAP rents in prior year	8.2%	12.9%	10.4%	11.8%
Average free rent	4 Months	3 Months	3 Months	3 Months
Tenant Improvements	\$ 19.27	\$ 16.88	\$ 13.17	\$ 16.40
Leasing Costs	\$ 10.35	\$ 6.33	\$ 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	30 (c)	122,849	\$ 3,069,492	\$ 24.99	1.3%	1.3%
2017	71	749,059	21,154,596	28.24	9.0%	10.3%
2018	76	1,169,759	34,263,049	29.29	14.6%	24.9%
2019	75	1,319,416	35,497,357	26.90	15.1%	40.0%
2020	70	948,806	28,148,147	29.67	12.0%	52.0%
2021	47	833,873	22,310,865	26.76	9.6%	61.6%
2022	41	1,126,017	32,375,835	28.75	13.8%	75.4%
2023	29	722,579	17,351,699	24.01	7.4%	82.8%
2024	15	436,571	10,385,935	23.79	4.4%	87.2%
2025	10	350,157	8,697,688	24.84	3.7%	90.9%
2026 and thereafter	68	888,369 (d)	21,384,781	24.07	9.1%	100.0%
	532	8,667,455	\$ 234,639,445	\$ 27.07	100.0%	
Vacancies as of 9/30/16		1,016,391				
Total Portfolio Square Footage		9,683,846				

- (a) The number of leases approximates the number of tenants. Tenants with lease maturities in different years are included in annual totals for each lease. Tenants may have multiple leases in the same year.
- (b) Annualized rent represents the monthly rent charged, including tenant reimbursements, for each lease in effect at September 30, 2016 multiplied by 12. Tenant reimbursements generally include payment of real estate taxes, operating expenses and common area maintenance and utility charges.
- (c) Includes 23 leases that are month-to-month.
- (d) Includes 88,974 square feet that are non-revenue producing building amenities.



Capital Expenditures

(in thousands)

	Three Months Ended			Nine Months Ended
	31-Mar-16	30-Jun-16	30-Sep-16	30-Sep-16
Tenant improvements	\$ 1,929	\$ 1,329	\$ 3,325	\$ 6,583
Deferred leasing costs	1,613	4,966	2,247	8,826
Non-investment capex	438	1,052	2,211	3,701
Total Capital Expenditures	<u>\$ 3,980</u>	<u>\$ 7,347</u>	<u>\$ 7,783</u>	<u>\$ 19,110</u>

	For the Three Months Ended				Year ended
	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Tenant improvements	\$ 2,936	\$ 3,420	\$ 1,794	\$ 3,788	\$ 11,938
Deferred leasing costs	830	1,539	1,490	3,952	7,811
Non-investment capex	643	1,411	1,090	1,162	4,306
Total Capital Expenditures	<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 \$14.8 million and \$4.1 million for the nine months ended September 30, 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>	
2016						
Plaza Seven	Minneapolis	MN	325,796	6/6/16	\$	82,000
Pershing Plaza	Atlanta	GA	160,145	8/10/16		45,500
2015						
Two Ravinia	Atlanta	GA	442,130	4/8/15	\$	78,000
2013						
1999 Broadway	Denver	CO	673,793	5/22/13	\$	183,000
999 Peachtree	Atlanta	GA	621,946	7/1/13		157,900
1001 17th Street	Denver	CO	655,420	8/28/13		217,000
2012						
One Ravinia	Atlanta	GA	386,603	7/31/12	\$	52,750
Westchase	Houston	TX	629,025	11/1/12		154,750
	<u>City</u>	<u>State</u>	<u>Square Feet</u>	<u>Date Sold</u>	<u>Gross Sales Proceeds</u>	<u>Gains on Sales</u>
2016						
Lakeside I	Maryland Heights	MO	127,778	4/5/16	\$ 20,189	\$ 4,155
2015						
Willow Bend	Plano	TX	117,050	2/23/15	\$ 20,750	\$ 1,462
Eden Bluff	Eden Prairie	MN	153,028	3/31/15	28,000	9,000
Park Seneca	Charlotte	NC	109,699	5/13/15	8,150	949
Montague	San Jose	CA	145,561	12/9/15	30,000	12,251
2014						
Centennial	Colorado Springs	CO	110,405	12/3/14	\$ 15,500	\$ 940



Loan Portfolio of Secured Real Estate

(in thousands)

(dollars in thousands)

Sponsored REIT	Location	Maturity Date	Maximum Amount of Loan	Amount Drawn at 30-Sep-16	Interest Rate (1)	Draw Fee (2)	Interest Rate at 30-Sep-16
Secured revolving lines of credit							
FSP Satellite Place Corp.	Duluth, GA	31-Mar-17	\$ 5,500	\$ 3,445	L+4.40%	0.5%	4.92%
FSP 1441 Main Street Corp. (3)	Columbia, SC	31-Mar-17	10,800	9,000	L+4.40%	0.5%	4.92%
FSP Energy Tower I Corp.	Houston, TX	30-Jun-17	20,000	12,600	L+5.00%	0.5%	5.52%
Mortgage loan secured by property							
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>\$ 79,045</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)

	As of
	30-Sep-16
Total Market Capitalization Values	
Shares outstanding	107,231.2
Closing price	\$ 12.60
Market capitalization	\$ 1,351,113
Debt	898,000
Total Market Capitalization	<u>\$ 2,249,113</u>
	3 Months
	Ended
	30-Sep-16
NOI Components	
Same Store NOI (1)	\$ 31,120
Acquisitions (1) (2)	<u>2,928</u>
Property NOI (1)	34,048
Full quarter adjustment (3)	365
Stabilized portfolio	\$ 34,413
Financial Statement Reconciliation:	
Rental Revenue	\$ 61,925
Rental operating expenses	(16,905)
Real estate taxes and insurance	(10,218)
NOI on assets sold	(4)
Taxes (4)	(117)
Management fees & other (5)	(268)
Property NOI (1)	<u>\$ 34,413</u>

Assets:	
Loans outstanding on secured RE	\$ 79,045
Investments in SARs (book basis)	75,761
Straight-line rent receivable	50,742
Asset held for sale	8,893
Cash and cash equivalents	13,372
Restricted cash	48
Tenant rent receivables	3,331
Prepaid expenses	5,770
Office computers and furniture	370
Other assets:	
Deferred financing costs, net	5,054
Other assets: Derivative Market Value	—
Other assets	—
	<u>\$ 242,386</u>

Liabilities:	
Debt (excluding contra for unamortized financing costs)	\$ 898,000
Accounts payable & accrued expenses	57,202
Tenant security deposits	4,719
Other liabilities: derivative liability	<u>12,651</u>
	<u>\$ 972,572</u>

Other information:	
Leased SF to be FFO producing During 2016 (in 000's)	<u>100</u>
Straight-line rental revenue current quarter	<u>\$ 119</u>
Management fee income current quarter	\$ 155
Interest income from secured loans	<u>1,183</u>
Management fees and interest income from loans	<u>\$ 1,338</u>
FFO from non-consolidated REITs - Q2 2016 (6):	
East Wacker	\$ 692
Grand Boulevard	<u>203</u>
Total	<u>\$ 895</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

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

Definition of Funds From Operations (“FFO”)

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

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

Other real estate companies and the National Association of Real Estate Investment Trusts, or NAREIT, may define this term in a different manner. We have included the NAREIT FFO definition as of May 17, 2016 in the table 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 hedge ineffectiveness, gains and losses on sales of properties or shares of equity investments or provisions for losses on assets held for sale. EBITDA and Adjusted EBITDA are not intended to represent cash flow for the period, are not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and are not indicative of operating income or cash provided by operating activities as determined under GAAP. EBITDA and Adjusted EBITDA are presented solely as a supplemental disclosure with respect to liquidity because the Company believes it provides useful information regarding the Company's ability to service or incur debt. Because all companies do not calculate EBITDA or Adjusted EBITDA the same way, this presentation may not be comparable to similarly titled measures of other companies. The Company believes that net income is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and Adjusted EBITDA.

Definition of Property Net Operating Income (Property NOI)

The Company provides property performance based on Net Operating Income, which we refer to as NOI. Management believes that investors are interested in this information. NOI is a non-GAAP financial measure that the Company defines as net income (the most directly comparable GAAP financial measure) plus selling, general and administrative expenses, depreciation and amortization, including amortization of acquired above and below market lease intangibles and impairment charges, interest expense, less equity in earnings of nonconsolidated REITs, interest income, management fee income, hedge ineffectiveness, gains or losses on the sale of assets and excludes non-property specific income and expenses. The information presented includes footnotes and the data is shown by region with properties owned in both periods, which we call Same Store. The Comparative Same Store results include properties held for the periods presented and exclude properties that are non-operating, being developed or redeveloped, dispositions and significant nonrecurring income such as bankruptcy settlements and lease termination fees. NOI, as defined by the Company, may not be comparable to NOI reported by other REITs that define NOI differently. NOI should not be considered an alternative to net income as an indication of our performance or to cash flows as a measure of the Company's liquidity or its ability to make distributions.



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

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

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



Investor Relations Contact
Georgia Touma | 877.686.9496
InvestorRelations@fspreit.com



One & Two Ravinia Drive, Atlanta, GA

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