

FRANKLIN STREET PROPERTIES CORP /MA/
Form 424B5
August 11, 2016

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-201459

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(1)	Amount of registration fee(2)
Common Stock, par value \$0.0001 per share	7,043,750	\$12.35	\$86,990,313	\$8,759.92

(1) Assumes exercise in full of the underwriters' option to purchase up to 918,750 additional shares of Common Stock.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. This "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in the registrant's Registration Statement on Form S-3 (File No. 333-201459) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended.

PROSPECTUS SUPPLEMENT
(To prospectus dated January 12, 2015)

6,125,000 Shares

COMMON STOCK

We are selling 6,125,000 shares of our common stock.

Our common stock trades on NYSE MKT under the symbol "FSP." On August 10, 2016, the last reported sale price of our common stock on NYSE MKT was \$13.15 per share.

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page S-10 of this prospectus supplement and the risks set forth beginning on page 6 of our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference herein.

		Per Share		Total
Public offering price	\$	12.35	\$	75,643,750
Underwriting discount	\$	0.494	\$	3,025,750
Proceeds, before expenses, to us	\$	11.856	\$	72,618,000

The underwriters may also exercise their option to purchase up to an additional 918,750 shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about August 16, 2016.

Baird

BMO Capital Markets

**Stifel
Wunderlich**

BTIG

**Capital One
Securities**

PNC Capital Markets LLC

TD Securities

The date of this prospectus supplement is August 11, 2016.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

<u>About this Prospectus Supplement</u>	<u>S-iii</u>
<u>Forward-Looking Statements</u>	<u>S-iv</u>
<u>Summary</u>	<u>S-1</u>
<u>The Offering</u>	<u>S-5</u>
<u>Summary Historical Financial Data</u>	<u>S-7</u>
<u>Risk Factors</u>	<u>S-10</u>
<u>Use of Proceeds</u>	<u>S-13</u>
<u>Description of Capital Stock</u>	<u>S-14</u>
<u>Supplemental Federal Income Tax Considerations</u>	<u>S-19</u>
<u>Underwriting (Conflicts)</u>	<u>S-21</u>
<u>Legal Matters</u>	<u>S-27</u>
<u>Experts</u>	<u>S-27</u>
<u>Incorporation by Reference</u>	<u>S-27</u>
Prospectus	

<u>About this Prospectus</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Incorporation by Reference</u>	<u>2</u>
<u>Forward-Looking Statements</u>	<u>3</u>
<u>Franklin Street Properties Corp.</u>	<u>4</u>
<u>Consolidated Ratios of Earnings to Fixed Charges and Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends</u>	<u>5</u>
<u>Use of Proceeds</u>	<u>6</u>
<u>Selling Stockholders</u>	<u>6</u>
<u>Description of Debt Securities</u>	<u>7</u>
<u>Description of Capital Stock</u>	<u>16</u>
<u>Description of Depositary Shares</u>	<u>26</u>
<u>Forms of Securities</u>	<u>29</u>
<u>Plan of Distribution</u>	

	<u>31</u>
<u>Material United States Federal Income Tax Considerations</u>	<u>34</u>
<u>Legal Matters</u>	<u>55</u>
<u>Experts</u>	<u>55</u>

Table of Contents

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus in making a decision about whether to invest in our common stock. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates that are specified in such documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. Generally, when we refer to this "prospectus supplement," we are referring to this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference herein and therein

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference therein, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the Securities and Exchange Commission, or the SEC, that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Incorporation by Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.

Unless otherwise indicated or unless the context requires otherwise, references in this prospectus supplement and the accompanying prospectus to "we," "us," "our" and the "Company" refer to Franklin Street Properties Corp., a Maryland corporation, individually and together with its subsidiaries. Franklin Street Properties Corp., our logo and other trademarks mentioned in this prospectus supplement and accompanying prospectus are the property of their respective owners.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Examples of forward-looking statements include projected capital resources, projected profitability and portfolio performance, estimates of market rental rates, projected capital improvements, expected sources of financing, expectations as to the timing of closing of acquisitions, dispositions or other transactions, the expected operating performance of anticipated near-term acquisitions and descriptions relating to these expectations, including without limitation, the anticipated cash and GAAP yields. We are including this cautionary statement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any such forward-looking statements. We caution investors that any forward-looking statements presented in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve risks and uncertainties (some of which are beyond our control) and are subject to change based upon various factors, including but not limited to the following risks and uncertainties:

changes in the United States economy and the real estate industry and in performance of the financial markets;

competition in the leasing market;

the demand for and market acceptance of our properties for rental purposes;

oversupply of office properties in our geographic markets;

the amount and growth of our expenses;

our ability to remain in compliance with the covenants under our credit facilities;

tenant financial difficulties and general economic conditions, including interest rates and the effects of regulatory and fiscal uncertainty, as well as changes in market rental rates and economic conditions in our geographic markets;

defaults or non-renewal of leases;

the risks associated with the ownership of real property, including risks related to natural disasters and actual or threatened terrorist attacks;

an increase in interest rates;

geographic concentration of our properties;

concentration by industry of our tenants;

our ability to successfully close pending acquisitions;

if pending acquisitions are closed, the operating performance of those assets;

our dependence on key personnel;

the outcome of claims and litigation involving or affecting us;

compliance with environmental and other regulations, including real estate and zoning laws;

S-iv

Table of Contents

our ability to maintain our current credit ratings;

our failure to maintain our status as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code; and

other risks and uncertainties described herein, as well as those risks and uncertainties detailed from time to time in the Company's SEC filings.

Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our business, financial condition, liquidity, cash flows and results could differ materially from those expressed in any forward-looking statement. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. Any forward-looking statements speak only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes. Accordingly, investors should use caution in relying on past forward-looking statements, which were based on results and trends at the time they were made, to anticipate future results or trends.

For a further discussion of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements, see the section entitled "Risk Factors," including the risk factors incorporated therein from our Annual Report on Form 10-K for the year ended December 31, 2015, which we filed with the SEC on February 16, 2016, and the other periodic reports we make with the SEC that are incorporated by reference herein.

Table of Contents

SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the financial statements and notes to those financial statements incorporated by reference herein and therein. Please read "Risk Factors" for more information about important risks that you should consider before investing in our common stock.

Franklin Street Properties Corp.

We are a real estate investment trust, or REIT, focused on commercial real estate investments in office markets throughout the United States. Our principal revenue sources from our real estate operations include rental income from real estate leasing, interest income from secured loans made on office properties, property dispositions and fee income from asset/property management and development. We may also pursue on a selective basis the sale of our properties to take advantage of the value creation and demand for our properties, or for geographic or property specific reasons.

As of June 30, 2016, we owned and operated a real estate portfolio consisting of 35 operating properties and one property that is in redevelopment. We also held non-controlling interests in seven corporations organized to operate as REITs, which we refer to as Sponsored REITs, and held five promissory notes secured by mortgages on real estate owned by Sponsored REITs, including two mortgage loans and three revolving lines of credit.

We are a corporation organized under the laws of the State of Maryland that operates in a manner intended to qualify as a REIT for U.S. federal income tax purposes. Our common stock is traded on the NYSE MKT under the symbol "FSP."

Our principal executive offices are located at 401 Edgewater Place, Suite 200, Wakefield, Massachusetts 01880. The telephone number of our principal executive office is (781) 557-1300. Our website address is www.franklinstreetproperties.com. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement, the accompanying prospectus or any other report or document we file with or furnish to the SEC.

Investment Strategy

Our investment objectives are to create shareholder value by increasing revenue from rental, dividend, interest and fee income and net gains from sales of properties and increase the cash available for distribution in the form of dividends to our stockholders. We expect that we will continue to derive real estate revenue from owned properties and secured loans to Sponsored REITs in the form of mortgage loans or revolving lines of credit to fund construction costs, capital expenditures, leasing costs and for other purposes, which we refer to as Sponsored REIT Loans, as well as fees from asset management, property management and investor services.

We may acquire, and have acquired, real properties in any geographic area of the United States and of any property type. Our current strategy is to invest in select urban infill and central business district properties, with primary emphasis on our top five markets of Atlanta, Dallas, Denver, Houston and Minneapolis. We

Table of Contents

believe that our top five markets have macro-economic drivers that have the potential to increase occupancies and rents. We will also monitor San Diego, Silicon Valley, Greater Boston and Greater Washington, DC, as well as other markets, for opportunistic investments. We seek value-oriented investments with an eye towards long-term growth and appreciation, as well as current income.

As of June 30, 2016, approximately 6.9 million square feet, or approximately 72.4% of our total owned portfolio, was located in our top five markets, and no single tenant in our top five markets accounted for more than 4% of our annualized rental revenue. From time to time we may dispose of our smaller, suburban office assets and replace them with larger urban infill and central business district office assets located primarily in our top five markets. As we execute this strategy, we believe that short term operating results could be adversely impacted. However, once complete, we believe that the transformed portfolio will have the potential to provide higher profit and asset value growth over a longer period of time.

The main factor that affects our real estate operations is the broad economic market conditions in the United States. These market conditions affect occupancy levels and rental rates on both a national and local level. We have no influence on broader economic or market conditions. We look to acquire and/or develop quality properties in good locations in order to lessen the impact of downturns in the market and to take advantage of upturns when they occur.

We rely on the following principles in selecting real properties for acquisition and managing them after acquisition:

we seek to buy or develop investment properties at a price which produces value for investors and avoid overpaying for real estate merely to outbid competitors;

we seek to buy or develop properties in excellent locations with substantial infrastructure in place around them and avoid investing in locations where the future construction of such infrastructure is speculative;

we seek to buy or develop properties that are well-constructed and designed to appeal to a broad base of users and avoid properties where quality has been sacrificed for cost savings in construction or which appeal only to a narrow group of users;

we aggressively manage, maintain and upgrade our properties and refuse to neglect or undercapitalize management, maintenance and capital improvement programs; and

we believe that we have the ability to hold properties through down cycles because we do not operate with what we believe to be significant leverage, which could place our properties at risk of foreclosure. As of June 30, 2016, none of our owned and operated properties was subject to mortgage debt.

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Table of Contents

Properties

The information presented below provides the weighted average GAAP rent per square foot for the six months ending June 30, 2016 for our properties and weighted occupancy square feet and percentages. GAAP rent includes the impact of tenant concessions and reimbursements. This table does not include information about properties that we acquired after June 30, 2016, we are redeveloping or are held by our investments in nonconsolidated REITs or those to which we have provided Sponsored REIT Loans.

Property Name	City	State	Year Built or Renovated	Net Rentable Square Feet	Weighted Occupied Square Feet	Weighted Occupied Average Rent per Square Foot	
						Percentage as of June 30, 2016(a)	Weighted Occupied Rent per Square Foot(b)
Forest Park	Charlotte	NC	1999	62,212	62,212	100.0%	\$ 13.96
Meadow Point	Chantilly	VA	1999	138,368	138,368	100.0%	27.10
Innsbrook	Glen Allen	VA	1999	298,456	298,456	100.0%	19.14
East Baltimore	Baltimore	MD	1989	325,445	274,155	84.2%	23.32
Loudoun Tech Center	Dulles	VA	1999	136,658	125,766	92.0%	18.83
Stonecroft	Chantilly	VA	2008	111,469	111,469	100.0%	38.70
Emperor Boulevard	Durham	NC	2009	259,531	259,531	100.0%	35.22
East Total				1,332,139	1,269,957	95.3%	25.63
Northwest Point	Elk Grove Village	IL	1999	176,848	176,848	100.0%	23.05
909 Davis Street	Evanston	IL	2002	194,980	167,644	86.0%	31.99
River Crossing	Indianapolis	IN	1998	205,059	186,583	91.0%	19.99
Timberlake	Chesterfield	MO	1999	234,023	222,486	95.1%	23.33
Timberlake East	Chesterfield	MO	2000	116,197	80,745	69.5%	24.66
121 South 8th Street	Minneapolis	MN	1974	305,990	172,028	56.2%	20.21
Plaza Seven	Minneapolis	MN	1987	326,068	247,910	76.0%	31.05
Midwest Total				1,559,165	1,254,243	80.4%	25.13
Blue Lagoon Drive	Miami	FL	2002	212,619	212,619	100.0%	22.53
One Overton Place	Atlanta	GA	2002	387,267	331,229	85.5%	24.63
Park Ten	Houston	TX	1999	157,460	99,357	63.1%	30.87
Addison Circle	Addison	TX	1999	289,755	270,863	93.5%	26.85
Collins Crossing	Richardson	TX	1999	300,887	300,887	100.0%	24.68
Eldridge Green	Houston	TX	1999	248,399	248,399	100.0%	29.36
Park Ten Phase II	Houston	TX	2006	156,746	156,746	100.0%	31.11
Liberty Plaza	Addison	TX	1985	218,934	173,921	79.4%	20.97
Legacy Tennyson Center	Plano	TX	1999/2008	202,600	202,600	100.0%	16.88
One Legacy Circle	Plano	TX	2008	214,110	213,403	99.7%	33.74
One Ravinia Drive	Atlanta	GA	1985	386,603	366,538	94.8%	23.06
Two Ravinia Drive	Atlanta	GA	1987	442,130	350,476	79.3%	25.75
Westchase I & II	Houston	TX	1983/2008	629,025	535,929	85.2%	32.17
999 Peachtree	Atlanta	GA	1987	621,946	591,408	95.1%	29.88
South Total				4,468,481	4,054,378	90.7%	27.02
380 Interlocken	Broomfield	CO	2000	240,185	228,632	95.2%	29.44
1999 Broadway	Denver	CO	1986	676,379	553,819	81.9%	31.78
1001 17th Street	Denver	CO	1977/2006	655,420	565,562	86.3%	35.05
Greenwood Plaza	Englewood	CO	2000	196,236	196,236	100.0%	24.32
390 Interlocken	Broomfield	CO	2002	241,751	199,783	82.6%	28.31
Hillview Center	Milpitas	CA	1984	36,288	36,288	100.0%	16.23
Federal Way	Federal Way	WA	1982	117,010	72,967	62.4%	19.07

West Total	2,163,269	1,853,288	85.7%	30.52
Grand Total	9,523,054	8,431,866	88.5% \$	27.30

- (a) Based on weighted occupied square feet for the six months ended June 30, 2016, including month-to-month tenants, divided by the property's net rentable square feet.
- (b) Represents annualized GAAP rental revenue for the six months ended June 30, 2016 per weighted occupied square foot.

Table of Contents

Recent Developments

Midtown Atlanta Property Acquisition

On August 10, 2016, we acquired Pershing Park Plaza, an urban infill Class "A" office property located at 1420 Peachtree Street, NE, Atlanta, Georgia, for a gross purchase price of approximately \$45.5 million in cash. This property, which we refer to as the "Midtown Atlanta Property," contains approximately 160,000 net rentable square feet of space.

On August 8, 2016, we borrowed approximately \$60 million under our senior unsecured revolving credit facility, \$45.5 million of which was borrowed in anticipation of funding our acquisition of the Midtown Atlanta Property, with the balance to be used for general corporate purposes. We intend to use a portion of the net proceeds of this offering to repay our borrowings in connection with the acquisition of the Midtown Atlanta Property.

As part of our standard due diligence process in connection with the acquisition of this property, we undertook an analysis of the property's anticipated first full year cash and GAAP yields. We believe that the property will generate first full year cash and GAAP yields of approximately 6.7%. We caution you not to place undue reliance on our anticipated cash and GAAP yields for this property. The anticipated yields represent our initial estimates and our actual operating results for this property may be materially different. Factors that may impact the actual cash and GAAP yields for this property include, without limitation, difficulties collecting anticipated rental revenues, actual leasing results that differ materially from our assumptions, tenant bankruptcies, property tax reassessments and unanticipated expenses at this property that we cannot pass on to tenants. See "Risk Factors We may not be able to achieve the anticipated financial and operating results for the Midtown Atlanta Property, which could adversely affect our operating results."

801 Marquette Redevelopment

We have announced a plan to redevelop our property at 801 Marquette Avenue, Minneapolis, Minnesota, which we refer to as 801 Marquette. We intend to commence interior demolition and construction work during the third quarter of 2016. We expect the costs of the redevelopment project to total between \$15 million and \$20 million, including leasing expenses. Upon completion, we expect the redevelopment to result in approximately 120,000 net rentable square feet and for the property to attain rents of approximately \$15 to \$18 weighted average GAAP rent per square foot compared to previously expired rents of approximately \$4.75 weighted average GAAP rent per square foot.

We expect to finance the redevelopment of 801 Marquette with the proceeds of this offering. This offering is not contingent upon the redevelopment of the property and we cannot assure you that the redevelopment will be completed at the costs anticipated or by the date currently contemplated. See "Risk Factors Redevelopment and construction risks could affect our profitability."

Amendments to BAML Credit Facility and BMO Term Loan

On July 21, 2016, we amended our senior unsecured credit facility with Bank of America, N.A., which we refer to as the BAML Credit Facility, to extend the maturity date applicable to the term loan under the BAML Credit Facility, or the BAML term loan, from September 27, 2017 to September 27, 2021 and amended financial covenants and definitions. We also amended our unsecured term loan facility with Bank of Montreal, or 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 with an aggregate notional amount of \$400 million with various financial institutions that fixed the base London Interbank Offered Rate, or LIBOR, interest rate on the BAML term loan during the extension period at 1.12%. Accordingly, based upon our credit rating as of June 30, 2016, the interest rate on the BAML term loan when the extension commences on September 27, 2017 will be 2.57%. We fixed the base LIBOR rate on the BMO term loan in August 2013 at 2.32% for seven years by entering into an interest rate swap agreement.

Table of Contents

THE OFFERING

The following is a brief summary of certain terms of this offering.

Issuer	Franklin Street Properties Corp., a Maryland corporation
Securities Offered	6,125,000 shares of common stock, \$0.0001 par value per share. We have granted the underwriters an option to purchase up to an additional 918,750 shares of common stock.
Shares of Common Stock Outstanding Immediately Prior to This Offering	100,187,405 shares
Shares of Common Stock Outstanding Upon Completion of This Offering	106,312,405 shares (107,231,155 shares if the underwriters exercise their option to purchase additional shares in full) ⁽¹⁾
NYSE MKT symbol	FSP
Use of Proceeds	We estimate that the net proceeds from this offering, after deducting the underwriting discount and estimated expenses, will be approximately \$72.1 million (\$83.0 million if the underwriters exercise their option to purchase additional shares in full). We intend to use the net proceeds from this offering (i) to repay amounts we have borrowed under our senior unsecured revolving credit facility in anticipation of funding our acquisition of the Midtown Atlanta Property as described above under "Summary Recent Developments," (ii) to fund our redevelopment of 801 Marquette as described above under "Summary Recent Developments," (iii) to pay amounts outstanding under our senior unsecured revolving credit facility and/or (iv) for general corporate purposes, including funding future acquisitions and investments. See "Use of Proceeds." This offering is not contingent upon the redevelopment of 801 Marquette.

(1) Based on 100,187,405 shares of our common stock outstanding as of August 9, 2016 and excludes 1,944,428 shares of our common stock available for issuance under our 2002 Stock Incentive Plan.

Table of Contents

Conflict of Interest

An affiliate of BMO Capital Markets Corp. is a lender and syndicate agent and affiliates of Capital One Securities, Inc., PNC Capital Markets LLC and TD Securities (USA) LLC are lenders under our senior unsecured revolving credit facility. We intend to use a portion of the net proceeds from this offering to repay borrowings outstanding under our senior unsecured revolving credit facility. As a result, such affiliates will receive their proportionate share of any amount of our senior unsecured revolving credit facility that is repaid with the net proceeds of this offering. See "Underwriting (Conflicts of Interest)."

Restrictions on Ownership and Transfer

Our charter contains restrictions on the ownership and transfer of our stock that are intended to assist us in complying with the requirements for qualification as a REIT. Among other things, our charter provides that, subject to exemption by our board in its sole and absolute discretion, no person or entity may actually or constructively own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our common stock. See "Description of Capital Stock."

Risk Factors

Investing in our common stock involves significant risks and the purchasers of our common stock may lose their entire investment. Before deciding to invest in our common stock, please carefully read the section entitled "Risk Factors," including the risks and uncertainties incorporated therein from our Annual Report on Form 10-K for the year ended December 31, 2015 and our other periodic reports filed with the SEC and incorporated by reference herein. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our operations.

Table of Contents

SUMMARY HISTORICAL FINANCIAL DATA

The summary historical operating other data presented below for the years ended December 31, 2013, 2014 and 2015, and the summary balance sheet data as of December 31, 2014 and 2015, have been derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated into this prospectus supplement by reference. The summary historical financial data for the six months ended June 30, 2015 and 2016 and as of June 30, 2015 and 2016 is derived from the unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, which is incorporated into this prospectus supplement by reference. These unaudited consolidated financial statements have been prepared on a basis consistent with Franklin Street Properties Corp.'s audited consolidated financial statements. In the opinion of management, the unaudited historical financial data reflect all adjustments, consisting only of normal and recurring adjustments necessary for a fair statement of the results for those periods. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

You should read the summary historical consolidated financial data below in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, which are incorporated by reference into this prospectus supplement. See "Incorporation by Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.

S-7

Table of Contents

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2016	2015	2015	2014	2013
(in thousands, except per share amounts)					
Operating Data:					
Revenues:					
Rental	\$ 117,813	\$ 117,814	\$ 237,856	\$ 243,341	\$ 206,926
Related party revenue:					
Management fees and interest income from loans	2,770	2,885	5,930	6,241	6,646
Other	37	41	81	101	64
Total revenues	120,620	120,740	243,867	249,683	213,636
Expenses:					
Real estate operating expenses	30,221	30,000	61,890	62,032	51,100
Real estate taxes and insurance	19,304	19,517	38,660	36,857	31,616
Depreciation and amortization	44,797	45,879	91,359	95,915	78,839
Selling, general and administrative	7,024	7,092	13,291	12,983	11,911
Interest	12,850	12,552	25,432	27,433	21,054
Total expenses	114,196	115,040	230,632	235,220	194,520
Income before interest income, equity in earnings of non-consolidated REITs, other, gain (loss) on sale of properties and property held for sale, less applicable income tax and taxes	6,424	5,700	13,235	14,463	19,116
Interest income		1	1	3	16
Equity in (losses) of non-consolidated REITs	(372)	(360)	(1,451)	(1,760)	(1,358)
Other	(1,009)				
Gain (loss) on sale of properties and property held for sale, less applicable income tax	(643)	11,410	23,662	940	
Income before taxes on income	4,400	16,751	35,447	13,646	17,774
Taxes on income	209	315	433	498	480
Income from continuing operations	4,191	16,436	35,014	13,148	17,294
Discontinued operations:					
Income from discontinued operations, net of income tax					375
Gain (loss) on sale, less applicable income tax					2,158
Total discontinued operations					2,533
Net income	\$ 4,191	\$ 16,436	\$ 35,014	\$ 13,148	\$ 19,827
Weighted average number of shares outstanding, basic and diluted	100,187	100,187	100,187	100,187	93,855
Earnings per share, basic and diluted, attributable to:					
Continuing operations	\$ 0.04	\$ 0.16	\$ 0.35	\$ 0.13	\$ 0.18
Discontinued operations					\$ 0.03
Net income per share, basic and diluted	\$ 0.04	\$ 0.16	\$ 0.35	\$ 0.13	\$ 0.21

Table of Contents

	As of June 30,		As of December 31,	
	2016	2015	2015	2014

(in thousands)

Balance Sheet Data

Real estate assets, net	\$ 1,526,936	\$ 1,539,343	\$ 1,509,624	\$ 1,524,307
Total assets	1,895,417	1,937,283	1,919,015	1,933,106
Bank note payable ^(a)	310,000	300,000	290,000	268,000
Term loan payable	618,113	617,182	617,647	616,716
Total liabilities	1,000,434	981,737	983,359	953,459
Total stockholders' equity	894,983	955,546	935,656	979,647

(a)

Net of unamortized deferred financing losses for the periods.

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2016	2015	2015	2014	2013

(in thousands)

Other Data:

Net cash flows from/(used in):

Operating activities	\$ 32,384	\$ 45,722	\$ 102,890	\$ 103,166	\$ 92,028
Investing activities	(24,951)	(31,328)	(38,104)	1,843	(562,648)
Financing activities	(18,072)	(6,072)	(54,142)	(117,113)	468,976

S-9

Table of Contents

RISK FACTORS

Investing in our common stock involves risks. In addition to other information in this prospectus supplement, you should carefully consider the following risks and the risks described in our Annual Report on Form 10-K for the year ended December 31, 2015, as well as other information and data set forth in this prospectus supplement and the accompanying prospectus and the documents we incorporate by reference herein and therein before making an investment decision with respect to our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or a part of your investment in our common stock. Some statements in this prospectus supplement and the accompanying prospectus and the documents we incorporate by reference herein and therein, including statements in the following risk factors, constitute forward-looking statements. See "Forward-Looking Statements."

Our operating results and financial condition could be adversely affected if we are unable to refinance our existing credit facilities.

There can be no assurance that we will be able to refinance the revolving line of credit under the BAML Credit Facility upon its maturity on October 29, 2018 (subject to extension until October 29, 2019), the BAML term loan under the BAML Credit Facility upon its maturity on September 27, 2021 or the BMO term loan, upon its maturity on August 26, 2020, or that any such refinancings would be on favorable terms, that any such refinancings would permit distributions to stockholders, or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on the BAML Credit Facility or the BMO term loan. If we are unable to refinance the BAML Credit Facility or the BMO term loan at maturity or meet our payment obligations, the amount of our distributable cash flow and our financial condition would be adversely affected.

An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt or sell assets.

As of June 30, 2016, we had approximately \$310.0 million of indebtedness under the revolving line of credit under the BAML Credit Facility that bears interest at variable rates based on our credit rating, and we may incur more of such indebtedness in the future. Borrowings under the revolving line of credit under the BAML Credit Facility may not exceed \$500 million outstanding at any time, although such amount may be increased by up to an additional \$250 million through the exercise of an accordion feature and subject to the terms of the agreement. The BAML term loan is for \$400 million. On September 27, 2012, we fixed the base LIBOR rate on the BAML term loan at 0.75% for five years, expiring September 27, 2017, by entering into an interest rate swap agreement, and on July 22, 2016, we entered into additional interest rate swap agreements to fix the base LIBOR rate on the BAML term loan during the extension period at 1.12% from September 27, 2017 to September 27, 2021. The BMO term loan provides for borrowings of \$220 million, although such amount may be increased by up to an additional \$50 million through the exercise of an accordion feature, subject to the terms of the agreement. On August 26, 2013, we fixed the base LIBOR rate on the BMO term loan at 2.32% for seven years by entering into an interest rate swap agreement. In the future, if interest rates increase, then the interest costs on our unhedged variable rate debt will also increase, which could adversely affect our cash flow, our ability to pay principal and interest on our debt and our ability to make distributions to stockholders. In addition, rising interest rates could limit our ability to incur new debt or to refinance existing debt when it matures. From time to time, we may enter into additional interest rate swap agreements and other interest rate hedging contracts, including swaps, caps and floors. While these

Table of Contents

agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risks that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly-effective cash flow hedges. In addition, an increase in interest rates could decrease the amount third parties are willing to pay for our assets, thereby limiting our ability to change our portfolio promptly in response to changes in economic or other conditions.

We may not be able to achieve the anticipated financial and operating results from the acquisition of the Midtown Atlanta Property, which could adversely affect our operating results.

Our estimates of first full year cash and GAAP yields for the Midtown Atlanta Property are subject to risks, uncertainties and other factors, many of which are beyond our control, and are based on certain assumptions, as described above under "Summary Recent Developments". As a result, the actual performance of the Midtown Atlanta Property may differ materially from our anticipated results. If the Midtown Atlanta Property fails to perform as expected, our results of operations could be adversely affected.

Redevelopment and construction risks could affect our profitability.

We have plans to redevelop 801 Marquette. We intend to commence interior demolition and construction work during the third quarter of 2016. We expect the costs of the redevelopment project to total between \$15 million and \$20 million. Redevelopment activities are subject to the following risks:

we may be unable to obtain, or experience delays in obtaining, required governmental or third party permits and authorizations, which could result in increased costs or the delay or abandonment of opportunities;

we may incur costs that exceed our original estimates due to increased material, labor or other costs, such as litigation;

we may be unable to complete construction and lease up of a property on schedule, resulting in increased construction and financing costs and a decrease in expected rental revenues;

occupancy rates and rents at a property may fail to meet our expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing communities;

we may incur liabilities to third parties during the redevelopment process; and

unexpected events or circumstances may arise during the redevelopment process that affect the timing of completion and the cost and profitability of the project.

You may experience significant dilution as a result of this offering, which may adversely affect the per share trading price of our common stock.

This offering may have a dilutive effect on our earnings per share and funds from operations per share after giving effect to the issuance of our common stock in this offering and the receipt of the expected net proceeds. The actual amount of dilution from this offering will be based on numerous factors, particularly the uses of proceeds and the returns generated by such uses, and cannot be determined at this time. The per share trading price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market pursuant to this offering, or otherwise, or as a result of the perception or expectation that such sales could occur.

Table of Contents

We may enter into future acquisitions and take certain actions in connection with such acquisitions that could affect the price of our common stock.

As part of our growth strategy, we expect to continue to regularly review acquisition prospects that would offer business and strategic opportunities. In the event of future acquisitions, we could:

use a significant portion of our available cash;

issue equity securities, which would dilute the current percentage ownership of our stockholders;

incur substantial debt;

incur or assume contingent liabilities, known or unknown; and

incur amortization expenses related to intangibles.

Any such actions by us could harm our business, financial condition, results of operations or prospects and adversely affect the market price of our common stock.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discount and estimated expenses, will be approximately \$72.1 million (\$83.0 million if the underwriters exercise their over-allotment option in full).

On August 8, 2016, we borrowed approximately \$60 million under our senior unsecured revolving credit facility, \$45.5 million of which was borrowed in anticipation of funding our acquisition of the Midtown Atlanta Property as described above under "Summary Recent Developments," with the balance to be used for general corporate purposes. We intend to use approximately \$45.5 million of the net proceeds of this offering to repay the borrowings under our unsecured revolving credit facility in connection with the Midtown Atlanta Property acquisition and approximately \$15 million to \$20 million of the net proceeds of this offering to fund the redevelopment of 801 Marquette as described above under "Summary Recent Developments."

This offering is not contingent upon the redevelopment of 801 Marquette.

We intend to use any proceeds of this offering that are not used to repay the amounts borrowed to fund the Midtown Atlanta Property acquisition or to fund the redevelopment of 801 Marquette to repay amounts outstanding under our senior unsecured revolving credit facility and/or for general corporate purposes, including funding future acquisitions and investments.

As of June 30, 2016, we had approximately \$310.0 million outstanding under our senior unsecured revolving credit facility, and as of the date of this prospectus supplement, \$370.0 million was outstanding under our senior unsecured revolving credit facility. Borrowings under the facility currently bear interest at a rate equal either to (i) a margin over LIBOR depending on the Company's credit rating (1.25% over LIBOR at June 30, 2016) or (ii) a margin over the base rate depending on the Company's credit rating (0.25% over the base rate at June 30, 2016). Based upon the Company's credit rating, as of the date of this prospectus the weighted average interest rate on the senior unsecured revolving credit facility was 1.75% per annum. Our senior unsecured revolving credit facility matures on October 29, 2018 (which maturity may be extended for an additional year at our option subject to certain conditions).

An affiliate of BMO Capital Markets Corp. is a lender and syndicate agent and affiliates of Capital One Securities, Inc., PNC Capital Markets LLC and TD Securities (USA) LLC are lenders under our senior unsecured revolving credit facility. As described above, we may use a portion of the net proceeds from this offering to repay the borrowings outstanding under our senior unsecured revolving credit facility. As a result, such affiliates will receive their proportionate share of any amount of the senior unsecured revolving credit facility that is repaid with the proceeds of this offering.

Table of Contents

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Our authorized capital stock consists of 180,000,000 shares of common stock, par value \$0.0001 per share, and 20,000,000 shares of preferred stock, par value \$0.0001 per share. Our board of directors may amend our articles of incorporation, without any vote or consent of our stockholders, to increase or decrease the aggregate number of shares of common stock or preferred stock or the number of shares of any class that we have authority to issue. In its sole discretion and without limitation, our board may also classify or reclassify any unissued shares of our capital stock, whether authorized now or in the future, by setting, altering or eliminating any feature of such shares from time to time before they are issued, including but not limited to the designation, preferences, conversion or other rights, voting powers, qualifications and terms and conditions of redemption of such shares and any limitations as to dividends and any restrictions on such shares.

Currently, no shares of our preferred stock are issued or outstanding. Our board of directors may authorize from time to time, without further action by our stockholders, the issuance of shares of preferred stock in one or more separately designated classes. Our board may set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of the shares of each class of our preferred stock.

Voting Rights

Each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders. There is no cumulative voting in the election of directors. Holders of shares of our common stock have no conversion, sinking fund or preemptive rights to subscribe for any of our securities. Shares of our common stock have equal dividend, distribution, liquidation and other rights and have no preference or exchange rights.

Ownership Limits and Transfer Restrictions

To maintain our qualification as a REIT, among other things, not more than 50% in value of our outstanding shares of stock may be owned, directly or indirectly (taking into account certain constructive ownership rules under the Internal Revenue Code of 1986, as amended, or the tax code), by five or fewer individuals. Our articles of incorporation provide that no person may beneficially or constructively own more than 9.8% of the number or value of our outstanding shares, unless exempted by our board in its sole and absolute discretion. Our articles of incorporation also provide that no person may transfer or acquire our shares to the extent that doing so would result in our outstanding shares being beneficially owned by fewer than 100 persons, and that no person may transfer, acquire or beneficially or constructively own shares to the extent that doing so would result in our violating the 50% ownership limitation described in the first sentence of this section or would otherwise result in our failing to qualify as a REIT.

Any person who acquires or transfers shares of our capital stock in violation of these ownership restrictions must immediately give us written notice or, in the event of an attempted or intended acquisition or transfer, provide us with at least 15 days' prior written notice and must provide us with any other information that we may request in order to determine the effect, if any, of the acquisition or transfer on our status as a REIT. Beneficial, constructive and record owners of shares of our capital stock must provide us with information

Table of Contents

about their ownership as may be required for us to comply with the applicable tax regulations or to determine the effect, if any, of such ownership on our status as a REIT.

Effect of Violation of Ownership Limits and Transfer Restrictions

Transfer to Charitable Trust

If any attempted acquisition or transfer of our capital stock or any other event would result in (a) any person beneficially or constructively owning more than 9.8% of the number or value of our outstanding shares or (b) more than 50% in value of our outstanding shares of stock being owned, directly or indirectly (taking into account certain constructive ownership rules under the tax code), by five or fewer individuals, as described above, or otherwise in our failing to qualify as a REIT, then the number of shares being transferred or acquired that would cause such person to violate these ownership restrictions will be transferred automatically by operation of law to a trust for the benefit of a qualified charitable beneficiary selected by us. The transfer to the trust will be effective as of the close of business on the business day prior to the date of the purported transfer or acquisition, and the proposed transferee or acquiree, including any purported beneficial or record holder, will acquire no rights to such shares.

In addition, if the transfer to the charitable trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or as otherwise permitted by our board of directors, then our charter provides that the transfer of the excess shares will be void ab initio.

The trustee will be appointed by us and be unaffiliated with us and any purported transferee or owner. Prior to a sale of any of the shares by the trust, the trustee will receive, in trust for the charitable beneficiary designated by us, all dividends and other distribution rights and voting rights with respect to such shares and may also exercise all voting rights with respect to such shares.

The trustee of the trust must:

within 20 days of receiving notice from us of the transfer of shares to the trust use best efforts to sell the excess shares to a person or entity who could own the shares without violating the ownership limits or as otherwise permitted by our board of directors;

distribute to the prohibited transferee or owner, as applicable, an amount equal to the lesser of the price paid by the prohibited transferee or owner for the excess shares (or, in the event other than a transfer or a transfer for no consideration, such as a gift, the market price of the shares on the date of the violative transfer) and the net sales proceeds received by the trust for the excess shares; and

in either case above, distribute any proceeds in excess of the amount distributable to the prohibited transferee or owner, as applicable, to the charitable organization selected by us as beneficiary of the trust.

Until the trustee has sold the shares held in trust, we have a purchase right to such shares at a price equal to the lesser of the price paid by the prohibited transferee or owner for the excess shares (or, in the event the transfer to the prohibited transferee did not involve a purchase, the market price of the shares on the date of the violative transfer) or the market price of the shares on the date we accept the offer to purchase such shares.

Table of Contents

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority, at the trustee's sole discretion:

to rescind as void any vote cast by a purported transferee or owner, as applicable, prior to our discovery that our shares have been transferred to the trust; and

to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote. Any dividend or other distribution paid to the prohibited transferee or owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary of the trust.

Our Right to Redeem Shares

Under our articles of incorporation, we have the right to redeem any shares that are acquired or transferred, or are attempted to be acquired or transferred in violation of our ownership restrictions described above (except for shares transferred to a charitable trust, as described above), at a price equal to the lesser of (a) the market price of the class of shares on the date of the violation or attempted violation (or attempted gift or devise, as applicable) or (b) the market price per share of the class of our stock to which such shares relate on the date we provide notice of such redemption. We have the right to redeem these shares for a period of 90 days after the later of the date of the violation or attempted violation or, if we do not receive notice of such event, the date our board of directors determines in good faith that it has occurred.

Board Authority to Prevent Violations of Ownership Limits

If our board of directors or authorized committee of the board at any time determines in good faith that a person intends to acquire or own, has attempted to acquire or own, or may acquire or own shares of our capital stock in violation of the limits described above, it will take actions as it considers advisable to refuse to give effect to or to prevent the ownership or acquisition, including, but not limited to:

authorizing us to redeem the shares;

refusing to give effect to the ownership or acquisition on our books; or

instituting proceedings to enjoin the ownership or acquisition.

Voiding Transfers

If any attempted acquisition or transfer of our capital stock or any other event would result in our outstanding shares being owned by fewer than 100 persons, then the purported transfer or acquisition will be void ab initio and of no force and effect and the transferee or acquiree, including any purported beneficial or record holder, will acquire no rights in the shares.

The ownership limitations described above could discourage a change in control, takeover or other transactions in which holders of some, or a majority, of our shares of capital stock might receive a premium for their shares over then prevailing market price or which stockholders might believe to otherwise be in their best interests.

Table of Contents

Classified Board

Our articles of incorporation and bylaws provide for our board of directors to be divided into three classes, each as nearly equal in number as possible. Each director is elected by our stockholders to serve a three-year term and until his successor is elected and qualified or until his earlier resignation, removal or death. A director may be removed only for cause based on a material breach of his duties or obligations to us, and then only by the affirmative vote of two-thirds of the votes entitled to be cast on the election of directors.

Voting Requirements

Our articles of incorporation provide that, notwithstanding any provision of law to the contrary, except as otherwise described in "Amendments" below, the affirmative vote of the holders of a majority of our capital stock issued and outstanding and entitled to vote shall be sufficient to approve any proposed amendment to our articles of incorporation. Our articles of incorporation also provide that, notwithstanding any provision of law to the contrary, the affirmative vote of the holders of a majority of our capital stock issued and outstanding and entitled to vote (and any additional vote of any outstanding preferred stock as may be required by the terms of such class of stock) shall be sufficient to approve any merger, consolidation, share exchange or asset transfer requiring stockholder approval.

Amendments

Our articles of incorporation provide that to amend or repeal any of the following provisions therein requires the affirmative vote of holders of not less than 80% of our capital stock outstanding and entitled to vote, in addition to any vote of holders of then outstanding preferred stock, if any:

classification of our board of directors, including the imposition of cumulative voting in the election of directors;

removal of directors;

limitation of liability and indemnification of officers and directors;

any term or provision that the amendment of which would cause us not to qualify as a REIT (unless our board of directors determines that it is no longer in our best interest to continue to qualify as a REIT); and

the provisions regarding amendment.

The above is a summary and does not purport to be complete and is qualified by our articles of incorporation, which were filed as an exhibit to our Form 8-A, filed with the SEC on April 5, 2005, and our bylaws, the most recent amended and restated version of which were filed as an exhibit to our Current Report on Form 8-K, filed with the SEC on February 15, 2013.

Provisions of our Articles of Incorporation, Bylaws and Maryland Law that may have Anti-Takeover Effects

Board of Directors. Our Articles of Incorporation and Bylaws provide for a board of directors divided as nearly equally as possible into three classes. Each class is elected to a term expiring at the annual meeting of stockholders held in the third year following the year of such election. Directors are elected pursuant to a majority voting standard for the election of directors in uncontested elections and a plurality standard for the election of directors in contested elections.

Table of Contents

Removal of Directors by Stockholders. Our Articles of Incorporation and Bylaws provide that members of our board of directors may only be removed for cause, and then only by the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote on the election of the directors.

Stockholder Nomination of Directors. Our Bylaws provide that a stockholder must notify us in writing of any stockholder nomination of a director not earlier than the 120th day and not later than the 90th day prior to the first anniversary of the mailing date of the notice of the preceding year's annual meeting.

Directors' Liability

Our Articles of Incorporation also allows us to indemnify directors and officers to the fullest extent authorized by Maryland law.

Transfer Agent and Registrar for Shares of Common Stock

American Stock Transfer & Trust Company is the transfer agent and registrar for shares of our common stock.

Table of Contents

SUPPLEMENTAL FEDERAL INCOME TAX CONSIDERATIONS

This discussion is a supplement to, and is intended to be read together with, the discussion contained under the heading "Material United States Federal Income Tax Considerations" in the accompanying prospectus, which is incorporated by reference in this prospectus supplement. This discussion is for general information only and is not tax advice.

Recent Legislation Modifying Several of the Rules Applicable to REITs

On December 18, 2015, President Obama signed into law the Consolidated Appropriations Act, 2016, an omnibus spending bill, with a division referred to as the Protecting Americans from Tax Hikes Act of 2015 (the "PATH Act"). The PATH Act modified a number of rules regarding the taxation of REITs and their stockholders, including, among others, the changes described below that may be material to us. The rules in the PATH Act were enacted with different effective dates, some of which are retroactive. Prospective investors are urged to consult their tax advisors regarding the implications of the PATH Act.

Reduction in Permissible Holdings of Taxable REIT Subsidiaries. For taxable years beginning after 2017, no more than 20% of the value of our total assets may consist of the securities of one or more taxable REIT subsidiaries.

Hedging Provisions. For taxable years beginning after 2015, certain income from hedging transactions entered into to hedge existing hedging positions after any portion of the hedged indebtedness or property is disposed of will not be included in income for purposes of the 95% and 75% gross income tests.

Exceptions from FIRPTA for Certain Sales of REIT Stock and REIT Distributions. On or after December 18, 2015, a distribution by a publicly traded REIT attributable to gain from the sale of United States real property interest by the REIT is not treated under the Foreign Investment in Real Property Tax Act ("FIRPTA") as gain from the disposition of a United States real property interest for a non-U.S. stockholder who has not held more than 10% (increased from 5% under prior law) of the stock of such REIT during the one-year period ending on the date of such distribution. Similarly, on or after December 18, 2015, the disposition of stock of a publicly traded REIT by a non-U.S. stockholder who has not held more than 10% (increased from 5% under prior law) of the stock of such REIT during the applicable testing period is not treated under FIRPTA as a disposition of a United States real property interest.

Stock of a REIT held (directly or through one or more partnerships) by a "qualified shareholder" generally will not be considered to be a United States real property interest, and dividends received by such a shareholder from a REIT attributable to gain from the sale of United States real property interests by the REIT will not be treated as gain from the sale of a United States real property interest. However, if a person (other than a qualified shareholder) holds an interest (other than an interest solely as a creditor) in a qualified shareholder and owns, taking into account applicable constructive ownership rules, more than 10% of the stock of the REIT (an "applicable investor"), a proportionate share of the REIT stock held by the qualified shareholder will be treated as a United States real property interest and a proportionate share of any distributions received by the qualified shareholder from the REIT and attributable to gain from the sale of United States real property interest will be treated as gain from the sale of a United States real property interest by the qualified shareholder. For these purposes, a "qualified shareholder" includes a foreign person which (i) is in a treaty jurisdiction and satisfies certain publicly traded requirements, (ii) is a "qualified collective investment vehicle," and (iii) maintains records on the identity of certain 5% owners. A "qualified collective investment vehicle" is a foreign person that is (i) eligible for a reduced withholding rate with respect to ordinary REIT dividends

Table of Contents

pursuant to an applicable tax treaty, even if it holds more than 10% of the REIT's stock, (ii) a publicly traded partnership that is a withholding foreign partnership and would be a United States real property holding corporation if it were a United States corporation, or (iii) is designated as a qualified collective investment vehicle by the Secretary of the Treasury and is either fiscally transparent within the meaning of the Code or required to include dividends in its gross income but entitled to a deduction for distributions to its investors. Finally, capital gain dividends and non-dividend redemption and liquidating distributions to a qualified shareholder that are not allocable to an applicable investor will be treated as ordinary dividends. These changes apply to dispositions and distributions on or after December 18, 2015.

Determination of Domestically-Controlled REIT Status. In determining whether a REIT is domestically controlled for purposes of the exception to FIRPTA for dispositions of domestically-controlled REIT stock, the REIT may presume that holders of less than 5% of a class of stock regularly traded on an established securities market in the United States are U.S. persons throughout the testing period, except to the extent that the REIT has actual knowledge to the contrary. In addition, any stock in the REIT held by another REIT that is publicly traded will be treated as held by a non-U.S. person unless the other REIT is domestically controlled, in which case the stock will be treated as held by a U.S. person. Finally, any stock in a REIT held by another REIT that is not publicly traded will only be treated as held by a U.S. person to the extent that U.S. persons hold (or are treated as holding under the new rules) the other REIT's stock. These provisions were effective as of December 18, 2015.

FIRPTA Exception for Interests Held by Foreign Retirement or Pension Funds. "Qualified foreign pension funds" and entities that are wholly owned by a qualified foreign pension fund are exempted from FIRPTA and FIRPTA withholding. For these purposes, a "qualified foreign pension fund" is any trust, corporation, or other organization or arrangement if (i) it was created or organized under foreign law, (ii) it was established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) it does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) it is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) under the laws of the country in which it is established or operates, either contributions to such fund which would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such fund or taxed at a reduced rate, or taxation of any investment income of such fund is deferred or such income is taxed at a reduced rate. This provision is effective for dispositions and distributions occurring after December 18, 2015.

Increase in Rate of FIRPTA Withholding. For sales of United States real property interests occurring after February 16, 2016, the FIRPTA withholding rate for dispositions of United States real property interests and certain distributions increases from 10% to 15%.

Delayed Implementation Date For Withholding Taxes on Certain Foreign Accounts

On September 18, 2015, the Internal Revenue Service issued a Notice with respect to the legislation discussed in "Other Tax Considerations of Stockholders and Holders of Debt Securities U.S. Federal Income Tax Withholding under FATCA" in the accompanying prospectus. This Notice extended the date on which FATCA withholding begins for gross proceeds from the sale of our stock and debt securities from January 1, 2017 to January 1, 2019. Prospective investors should consult their tax advisors regarding all aspects of this legislation.

Table of Contents**UNDERWRITING (CONFLICTS OF INTEREST)**

Robert W. Baird & Co. Incorporated and BMO Capital Markets Corp. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Robert W. Baird & Co. Incorporated	2,021,250
BMO Capital Markets Corp.	2,021,250
Stifel, Nicolaus & Company, Incorporated	1,408,750
Wunderlich Securities, Inc.	428,750
BTIG, LLC	61,250
Capital One Securities, Inc.	61,250
PNC Capital Markets LLC	61,250
TD Securities (USA) LLC	61,250
Total	6,125,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$0.2964 per share. After the initial offering, the public offering price, concession or any other term of this offering may be changed.

Table of Contents

The following table shows the public offering price, underwriting discount and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	\$ 12.35	\$ 75,643,750	\$ 86,990,313
Underwriting discount	\$ 0.494	\$ 3,025,750	\$ 3,479,613
Proceeds, before expenses, to us	\$ 11.856	\$ 76,618,000	\$ 83,510,700

The expenses of this offering, not including the underwriting discount, are estimated at \$500,000 and are payable by us.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus supplement, to purchase up to 918,750 additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for or exercisable for common stock for 60 days after the date of this prospectus supplement without first obtaining the written consent of Robert W. Baird & Co. Incorporated and BMO Capital Markets Corp. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

offer, pledge, sell or contract to sell any common stock (except that our non-management directors, which collectively beneficially own approximately 3% of our outstanding common stock, may borrow from any margin account or loan pledged with our common stock or maintain, renew or increase any pledge in effect on the date of the lock-up agreement as security for a margin account or loan pursuant to the terms of such account or loan),

sell any option or contract to purchase any common stock,

purchase any option or contract to sell any common stock,

grant any option, right or warrant for the sale of any common stock or otherwise dispose of or transfer any common stock,

request or demand that we file a registration statement related to the common stock, or

enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Table of Contents

NYSE MKT Listing

The shares are listed on NYSE MKT under the symbol "FSP."

Price Stabilization, Short Positions

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of this offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on NYSE MKT, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Table of Contents

An affiliate of BMO Capital Markets Corp. is a lender and syndicate agent and affiliates of Capital One Securities, Inc., PNC Capital Markets LLC and TD Securities (USA) LLC are lenders under our senior unsecured revolving credit facility. As described above under "Use of Proceeds," we intend to use a portion of the net proceeds from this offering to repay borrowings outstanding under our senior unsecured revolving credit facility. As a result, such affiliates will receive their proportionate share of any amount of our senior unsecured revolving credit facility that is repaid with the net proceeds of this offering.

Stifel, Nicolaus & Company, Incorporated may pay an unaffiliated entity or its affiliate, who is also a lender under our senior unsecured revolving credit facility, a fee in connection with this offering.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "*Relevant Member State*"), no offer of shares which are the subject of this offering has been, or will be made to the public in that Relevant Member State, other than under the following exemptions under the Prospectus Directive:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the underwriters for any such offer; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares referred to in (a) to (c) above shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person located in a Relevant Member State to whom any offer of shares is made or who receives any communication in respect of any offer of ordinary shares, or who initially acquires any shares will be deemed to have represented, warranted, acknowledged and agreed to and with each underwriter and us that (1) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriters has been given to the offer or resale; or where ordinary shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those ordinary shares to it is not treated under the Prospectus Directive as having been made to such persons.

This prospectus supplement has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to

Table of Contents

publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of this offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized the making of any offer of shares in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Relevant Member State.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the shares being offered pursuant to this prospectus supplement have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the shares have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the shares offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The shares may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus supplement and any other materials relating to the shares are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus supplement may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus supplement does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information

Table of Contents

presented in this prospectus supplement does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement, you should consult an authorized financial advisor.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Table of Contents

LEGAL MATTERS

The validity of the shares of common stock offered hereby, as well as certain legal matters r