

FRANKLIN STREET PROPERTIES CORP /MA/
Form 424B5
May 10, 2013

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Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-181009

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	17,250,000	\$14.00	\$241,500,000	\$32,940.60

(1) Assumes exercise in full of the underwriters' option to purchase up to 2,250,000 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. 333-181009) in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT
(To prospectus dated April 27, 2012)

15,000,000 Shares

Common Stock

We are selling 15,000,000 shares of our common stock.

Our shares trade on NYSE MKT under the symbol "FSP." On May 8, 2013, the last sale price of the shares as reported on NYSE MKT was \$14.58 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 7 of our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference herein.

	Per Share	Total
Public offering price	\$14.00	\$210,000,000
Underwriting discount	\$.56	\$8,400,000
Proceeds, before expenses, to us	\$13.44	\$201,600,000

The underwriters may also exercise their option to purchase up to an additional 2,250,000 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 is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about May 15, 2013.

Joint Book-Running Managers

BofA Merrill Lynch

Baird

BMO Capital Markets

Co-Managers

PNC Capital Markets LLC

RBS

Capital One Southcoast

Piper Jaffray

TD Securities

BB&T Capital Markets

The date of this prospectus supplement is May 9, 2013.

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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.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

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. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

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

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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 net operating income yield. 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 facility;

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;

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the ability to satisfy conditions necessary to close pending acquisitions;

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

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 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 risks incorporated therein from our most recent Annual Report on Form 10-K for the year ended December 31, 2012 and our other periodic reports filed with the SEC and incorporated by reference herein.

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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 include rental income from real estate leasing, interest income from secured loans made on office properties and fee income from asset/property management.

As of March 31, 2013, the Company owned and operated a portfolio of 37 properties located across 13 states, held a non-controlling common stock interest in 15 corporations organized to operate as REITs, which we refer to as Sponsored REITs, held a non-controlling preferred stock interest in two Sponsored REITs, and held seven promissory notes secured by mortgages on real estate owned by Sponsored REITs.

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 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 Securities and Exchange Commission, or SEC.

Investment Strategy

Our investment objectives are to create shareholder value by increasing revenue from rental, dividend and interest 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 secured loans to Sponsored REITs and fees from asset management, property management and investor services. We may also acquire additional real properties by direct purchase or by acquisition of Sponsored REITs, though we have no obligation to acquire or offer to acquire any Sponsored REIT in the future.

From time to time, as market conditions warrant, we may sell properties owned by us. When we sell a property, we either distribute some or all of the sale proceeds to our stockholders as a distribution or retain some or all of such proceeds for investment in real properties or other corporate activities. We may acquire, and have acquired, real properties in any geographic area of the United States and of any property type.

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 avoids overpaying for real estate merely to outbid competitors;

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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 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 generally operate without significant leverage, which could place the properties at risk of foreclosure. As of March 31, 2013, none of our 37 properties was subject to mortgage debt.

Properties

The information presented below provides the weighted average GAAP rent per square foot for the three months ending March 31, 2013 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 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 Sq. Ft.	Weighted Occupied Percentage as of March 31, 2013(a)	Weighted Average Rent per Occupied Square Feet(b)
Park Seneca	Charlotte	NC	1969	109,674	85,162	77.7%	\$ 15.75
Forest Park	Charlotte	NC	1999	62,212	62,212	100.0%	13.66
Meadow Point	Chantilly	VA	1999	138,537	128,341	92.6%	26.84
Innsbrook	Glen Allen	VA	1999	298,456	294,128	98.6%	17.42
East Baltimore	Baltimore	MD	1989	325,445	207,959	63.9%	25.41
Loudoun Tech Center	Dulles	VA	1999	135,888	135,888	100.0%	15.89
Stonecroft	Chantilly	VA	2008	111,469	111,469	100.0%	38.51
Emperor Boulevard	Durham	NC	2009	259,531	259,531	100.0%	36.15
East total				1,441,212	1,284,690	89.1%	24.81
Northwest Point	Elk Grove Village	IL	1999	176,848	176,848	100.0%	19.78
909 Davis Street	Evanston	IL	2002	195,245	191,223	97.9%	33.58
River Crossing	Indianapolis	IN	1998	205,059	189,105	92.2%	22.12
Timberlake	Chesterfield	MO	1999	232,766	225,830	97.0%	21.78
Timberlake East	Chesterfield	MO	2000	116,197	112,723	97.0%	23.19
Lakeside Crossing	St. Louis	MO	2008	127,778	127,778	100.0%	25.23
Eden Bluff	Eden Prairie	MN	2006	153,028	153,028	100.0%	27.83
121 South 8th Street	Minneapolis	MN	1974	475,303	427,250	89.9%	14.37
Midwest total				1,682,224	1,603,785	95.3%	21.98

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Property Name	City	State	Year Built or Renovated	Net Rentable Square Feet	Weighted Occupied Sq. Ft.	Weighted Occupied Percentage as of March 31, 2013(a)	Weighted Average Rent per Occupied Square Feet(b)
Blue Lagoon Drive	Miami	FL	2002	212,619	212,619	100.0%	23.42
One Overton Place	Atlanta	GA	2002	387,267	370,731	95.7%	21.32
Willow Bend Office Center	Plano	TX	1999	117,217	95,508	81.5%	20.44
Park Ten	Houston	TX	1999	157,460	152,028	96.6%	27.54
Addison Circle	Addison	TX	1999	293,787	289,204	98.4%	24.74
Collins Crossing	Richardson	TX	1999	298,766	268,770	90.0%	23.55
Eldridge Green	Houston	TX	1999	248,399	248,399	100.0%	29.33
Park Ten Phase II	Houston	TX	2006	156,746	156,746	100.0%	30.44
Liberty Plaza	Addison	TX	1985	218,934	178,059	81.3%	20.30
Legacy Tennyson Center	Plano	TX	1999/2008	202,600	202,600	100.0%	17.06
One Legacy Circle	Plano	TX	2008	214,110	214,110	100.0%	28.64
East Renner Road	Richardson	TX	1999	122,300	122,300	100.0%	9.99
One Ravinia Drive	Atlanta	GA	1985	386,603	328,960	85.1%	22.19
Westchase I & II	Houston	TX	1983/2008	629,025	598,895	95.2%	29.86
South Total				3,645,833	3,438,929	94.3%	24.48
Centennial Technology Center	Colorado Springs	CO	1999	110,405	94,297	85.4%	15.77
380 Interlocken	Broomfield	CO	2000	240,184	208,264	86.7%	27.80
Greenwood Plaza	Englewood	CO	2000	196,236	75,257	38.4%	21.69
390 Interlocken	Broomfield	CO	2002	241,516	207,003	85.7%	27.91
Hillview Center	Milpitas						