

FRANKLIN STREET PROPERTIES CORP.

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Franklin Street Properties Corp., a Maryland corporation (the “Company”), has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s charter (the “Charter”), bylaws (the “Bylaws”) and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate or as required by applicable laws and regulations.

The Board

Size of the Board

The Charter provides that the number of directors may be increased or decreased from time to time by the Board pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law. The Board will periodically review the size of the Board and any recommendation of the Nominating and Corporate Governance Committee regarding Board size and determine the size that is most effective in relation to future operations.

Independence of the Board

The Board will be comprised of a majority of directors who qualify as independent directors (the “Independent Directors”) under the listing standards of the NYSE American LLC (the “NYSE”). Only those directors who the Board affirmatively determines (1) are independent as determined under Section 803A of the NYSE American Company Guide and (2) do not have a relationship, which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, will be considered Independent Directors.

Lead Independent Director

The Board shall appoint a lead Independent Director (the “Lead Independent Director”). The Lead Independent Director’s duties will include: coordinating the activities of the non-management directors, coordinating the agenda for and chairing sessions of the Board’s non-management directors, serving as the principal liaison for consultation and communication between the non-management and independent directors and stockholders, facilitating communications between the non-management directors and the other members of the Board and the management of the Company and performing such other duties as the Board may from time to time delegate. In performing the duties described above, the Lead Independent Director is expected to consult with

the chairs of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibility of such committee chairs.

Separate Sessions of Non-Management Directors and Independent Directors

The non-management directors may meet in executive session without management directors or management present and consider such matters as they may deem appropriate. Non-management directors are all directors who are not company officers (as that term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

In addition, if the non-management directors include directors who are not also Independent Directors, the Independent Directors shall also meet separately at least once per year in executive session.

Director Qualification Standards

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Nominating and Corporate Governance Committee, in recommending candidates for election, and the Board, in nominating (and, in the case of vacancies, electing) such candidates, may take into account a variety of subjective factors, including, without limitation:

- (1) personal and professional integrity, ethics and values;
- (2) experience in corporate management, such as serving as an officer or former officer of a publicly-held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today’s business environment;
- (3) experience in the Company’s industry and/or in an industry or industries that may be beneficial to the Company;
- (4) experience as a board member of another publicly-held company;
- (5) academic expertise in an area of the Company’s operations;
- (6) practical and mature business judgment, including ability to make independent analytical inquiries; and
- (7) any relationships, financial, professional or social in nature, that a candidate may have with members of management or other board members in so far as they may affect the independence of such candidate.

In addition to the foregoing factors, the Nominating and Corporate Governance Committee and the Board shall also consider diversity of the Board in its evaluation of candidates for board membership. The Nominating and Corporate Governance Committee and the Board believe that diversity with respect to viewpoint, skills and experience should be an important factor in board composition. The Nominating and Corporate Governance Committee and the Board shall ensure that diversity considerations are discussed in connection with each potential nominee, as well as on a periodic basis in connection with the composition of the Board as a whole. The Nominating and Corporate Governance Committee and the Board do not assign specific weight to particular factors, and no particular factor is a prerequisite for each prospective nominee. The Nominating and Corporate Governance Committee and the Board believe that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

Selection of New Directors

Each year, at the annual meeting, the Board will recommend a slate of nominees for election as directors by the stockholders. In accordance with the Charter and the Bylaws, the Board will also be responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the entire Board for nomination or election, as applicable.

Selection of Chairman of the Board

The Board will select the Chairman of the Board in accordance with the Company's Bylaws.

No Specific Limitation on Other Board Service

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities, except with respect to members serving on the Audit Committee, as described below. However, the Nominating and Corporate Governance Committee and the Board will take into account the nature of and time involved in a director's service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company's stockholders.

Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee may not serve on the audit committees of the boards of directors of more than two other companies at the same time as they are serving on the Audit Committee.

Service on other boards and/or committees should be consistent with the Company's conflict of interest policies set forth below.

Directors Who Resign or Materially Change Their Current Positions With Their Company

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer, such director should immediately notify the Board.

Term Limits

The Board does not believe it is in the best interests of the Company to establish term limits at this time. Additionally, such term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company's business and therefore can provide an increasingly significant contribution to the Board.

Director Responsibilities

The business and affairs of the Company shall be managed by or under the direction of the Board, including through one or more of its committees as set forth in the Bylaws and committee charters. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include, but are not limited to:

- (1) overseeing the conduct of the Company's business and evaluating whether the Company's business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- (4) reviewing and, where appropriate, approving changes in, and major determinations under, these Guidelines, the Company's Code of Business Conduct and Ethics and other Company policies;
- (5) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company (excluding acquisitions and dispositions of real estate made in the ordinary course of business) or the entry of the Company into any major new line of business;

- (6) regularly evaluating the performance and approving the compensation of the Chief Executive Officer;
- (7) regularly evaluating the performance of senior executive officers;
- (8) planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives; and
- (9) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations.

Stock Ownership

Non-employee directors are required to own shares of the Company's common stock valued at five times the cash portion of their annual directors' retainer (excluding any additional cash retainer payable for serving as a committee chair or attendance at meetings). The Chief Executive Officer is required to own shares of the Company's common stock valued at six times his or her base salary.

Compliance with these requirements shall be measured no more frequently than annually on a date in either January or February to be determined each year by the Nominating and Corporate Governance Committee. For purposes of determining compliance with these requirements, the "value" of the Company's common stock shall be determined using the greater of (i) the actual cost basis of such shares or (ii) the Company's average closing stock price for the preceding calendar year.

Non-employee directors and the Chief Executive Officer serving as of February 7, 2014 (the date of initial adoption of these requirements) will have until February 7, 2021, seven years following the initial adoption of these requirements, to meet the minimum ownership requirements. Non-employee directors and any Chief Executive Officer who are elected or appointed after the initial adoption of these requirements will have seven years from the time they are elected or appointed to meet the minimum ownership requirements.

If an individual becomes subject to an increased ownership amount due to an increase in cash retainer or base salary, the individual is expected to satisfy the incrementally higher ownership amount within seven years of the effective date of the increased requirement.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. Members of the Board shall act at all times in accordance with the requirements of the Company's Code of Business Conduct and Ethics and Related Person Transaction Policy. A director shall promptly notify the Chairman of the Board if any material, actual or potential conflict of interest arises between the director and the Company that would interfere generally with such director's service on the Board. If a director is not able to resolve such a material conflict of interest, the director, if requested by the Board, shall submit

his or her resignation to the Board. If a director has a personal interest in any matter before the Board, the director shall disclose the interest to the Board and consider whether to excuse himself or herself from discussion or abstain from voting on the matter. Any conflict of interest or waiver of the requirements of the Code of Business Conduct and Ethics with respect to any individual director or member of senior management shall be resolved in accordance with the Code of Business Conduct and Ethics, the Related Person Transaction Policy or applicable Board committee charter.

Continuing Education of Board Members

The Company will make available to directors continuing education programs, and each director is expected to participate in such programs, as management or the Board determines desirable.

Interaction with Institutional Investors, the Press and Stockholders

The Board believes that management speaks for the Company. Each director should refer all inquiries from institutional investors, the press or stockholders to management. Individual Board members may, from time to time at the request of or in consultation with management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

Board Access to Senior Management

The Board shall have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

Board Access to Independent Advisors

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary to discharge its responsibilities.

Annual Self-Evaluation

Following the end of each fiscal year, the Nominating and Corporate Governance Committee will oversee an annual assessment by the Board of the Board's performance. The Nominating and Corporate Governance Committee will be responsible for establishing the evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review

of the committee structure and an assessment of the Board's compliance with the principles set forth in these Guidelines. The purpose of the review will be to improve the performance of the Board as a unit, and not to target the performance of any individual Board member. The Nominating and Corporate Governance Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

Majority Voting Resignation Policy

If an incumbent director fails to receive the required vote for re-election in accordance with the Bylaws, he or she shall offer to resign from the Board and the Board will consider such offer to resign and will act on an expedited basis to determine whether to accept such director's resignation. The director whose resignation is under consideration shall not participate in any deliberation or vote of the Board regarding that resignation. Notwithstanding the foregoing, in the event that no nominee for director receives the vote required in the Bylaws, the Board shall make a final determination as to whether to accept any or all resignations. The directors may consider any factors they deem relevant in deciding whether to accept a director's resignation. Within 90 days after the date of certification of the election results, the Board will promptly disclose its decision and basis for whether to accept the resignation (or the reasons for not accepting the resignation, if applicable) in a press release, filing with the Securities and Exchange Commission or by other public announcement (including a posting on the Company's website). If such incumbent director's resignation is not accepted by the Board, such director will continue to serve until his or her successor is elected and qualifies, or his or her death, resignation, retirement or removal, whichever event shall occur first. If a director's resignation is accepted by the Board, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board, in its sole discretion, may fill any resulting vacancy pursuant to the Bylaws.

Board Meetings

Frequency of Meetings

The Board will meet at least one time quarterly. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.

Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors and the Independent Directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman or the chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

Attendance of Non-Directors

The Chairman of the Board or of any committee may bring Company management and outside advisors or consultants from time to time into Board and/or committee meetings to (i) provide insight into items being discussed by the Board that involves the member of management, advisor or consultant and (ii) make presentations to the Board on matters which involve the member of management, advisor or consultant. Attendance of non-directors at Board meetings is at the discretion of the Board.

Agendas

The Chairman of the Board establishes the agenda for each Board meeting with input from the management and, as necessary or desired, from the Lead Independent Director, other directors and Company advisors.

Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

Committee Matters

Number, Name, Responsibilities and Independence of Committees

The Board currently has three committees, each composed entirely of Independent Directors. From time to time, the Board may form a new committee or disband a current committee, depending upon the circumstances. Each committee will perform its duties as delegated by the Board in compliance with the Company's Bylaws and the committee's charter. The current committees are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Assignment and Rotation of Committee Members

Based on the recommendations of the Nominating and Corporate Governance Committee, the Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interests of the Company.

Each member of the Audit Committee must satisfy the independence requirements of Rule 10A-3 under the Exchange Act and must be financially literate, as determined by the Board in its business

judgment and at least one member of the Audit Committee must have accounting or related financial management expertise as determined by the Board in its business judgment. In addition, at least one member of the Audit Committee must meet the definition of “audit committee financial expert” as determined by the Board in its business judgment in accordance with Item 407(d) of Regulation S-K.

Frequency of Committee Meetings

The Audit Committee will meet at least once during each fiscal quarter. The Compensation Committee and the Nominating and Corporate Governance Committee will meet as often as they deem necessary in order to perform their respective responsibilities. In addition, special meetings may be called by the chairman of the committee from time to time as determined by the needs of the business. It is the responsibility of the directors to attend the meetings of the committees on which they serve.

Committee Agendas

The chairman of each committee, in consultation with the appropriate members of the respective committee, will develop his or her committee’s agenda.

Committee Self-Evaluations

Following the end of each fiscal year, each committee will review its performance and charter and recommend to the Board any changes it deems necessary.

Committee Charters

The Board, shall, from time to time as it deems appropriate, review and reassess the adequacy of the charter of each committee and make appropriate changes.

Leadership Development

Annual Review of Chief Executive Officer

The Compensation Committee shall annually review the performance of the Chief Executive Officer based upon such principles as the Compensation Committee deems appropriate. The Compensation Committee shall use such review in determining, or recommending to the Board for approval, the compensation of the Chief Executive Officer.

Succession Planning

The Board shall work on a periodic basis with the Chief Executive Officer to review, maintain and revise, if necessary, the Company’s succession plan upon the Chief Executive Officer’s retirement and in the event of an unexpected occurrence. The Chief Executive Officer shall report periodically to the Board on succession planning for the Chief Executive Officer and senior

management positions, including a discussion of assessments, leadership development plans and other relevant factors.

Periodic Review of the Guidelines

The Nominating and Corporate Governance Committee shall, from time to time, as it deems appropriate, review and reassess the adequacy of these Guidelines and recommend any changes to the Board for approval.