

Boston Properties 2014 Investor Conference

September 23, 2014



Premier Properties. Core Markets. Experienced Leadership.

Forward-Looking Statements & Non-GAAP Financial Measures

Forward-Looking Statements

- This presentation contains forward-looking statements within the meaning of the federal securities laws. Please refer to the Appendix for information on how to identify these statements, as well as risks and uncertainties that could cause our actual results to differ materially from those express or implied by the forward-looking statements.

Use of Non-GAAP Financial Measures and other Definitions

- This presentation contains certain non-GAAP financial measures and other terms that have particular definitions when used by us. The definitions and calculations of these non-GAAP financial measures and other terms may differ from those used by other REITs and, accordingly, may not be comparable. Please refer to the Appendix for the definitions and calculations of these terms and the reasons for their use. In addition, reconciliations to the most directly comparable GAAP measures are either included herein or in our Supplemental Operating and Financial Data for the quarter ended June 30, 2014, which may be accessed by clicking:
<http://ir.bostonproperties.com/phoenix.zhtml?c=120176&p=irol-reports>



Agenda

- Capital Strategy
- Boston Development Activities
- New York, San Francisco and Washington, DC Development Activities
- Leasing Update
- Capital Markets
- Cambridge and Boston Property Tour



Capital Strategy

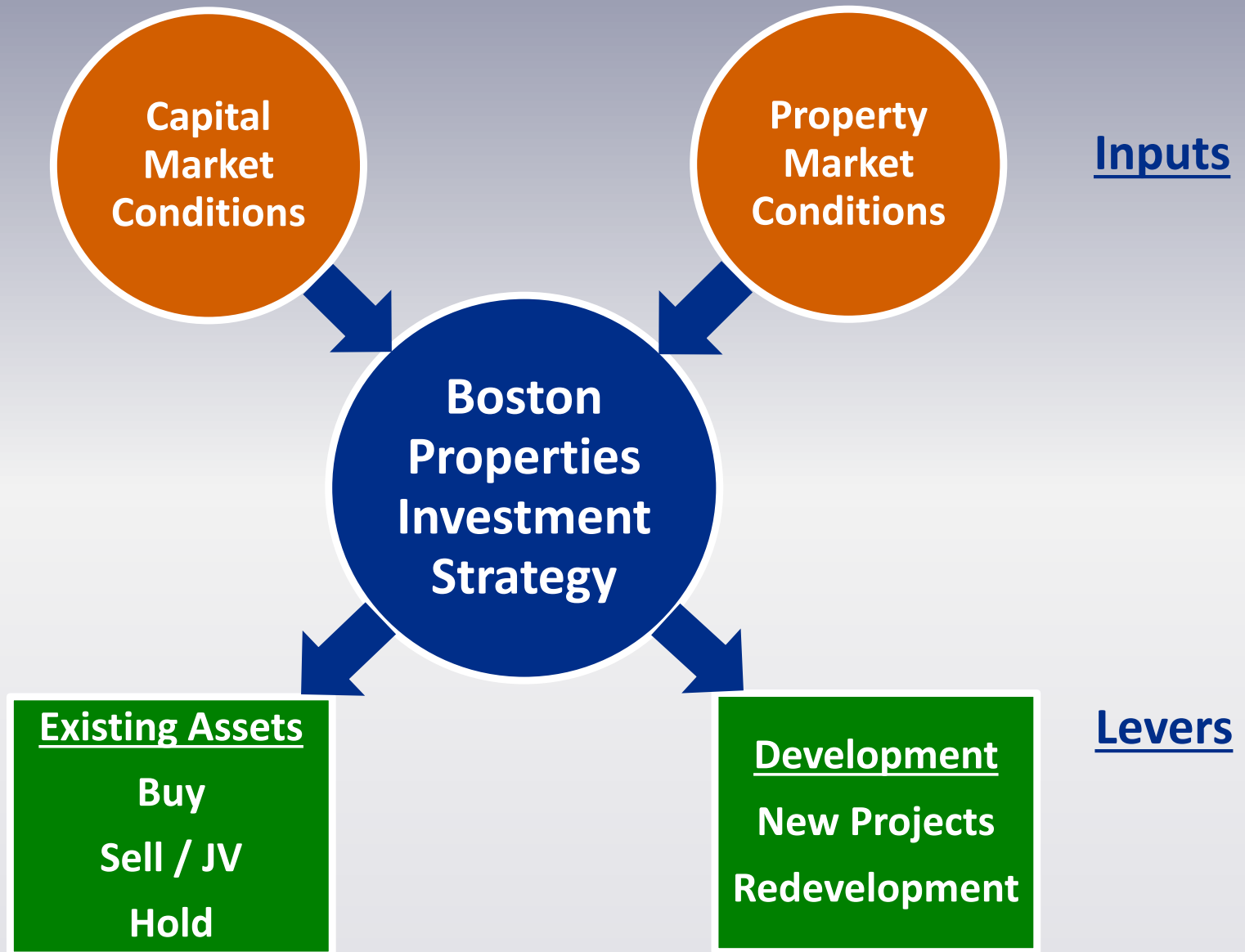
Owen Thomas – CEO

Doug Linde – President



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Capital Investment Approach



Discussion Outline

- Capital Market Overview
- Property Market Overview
- Development/Redevelopment Strategy
- Acquisition/Disposition Strategy



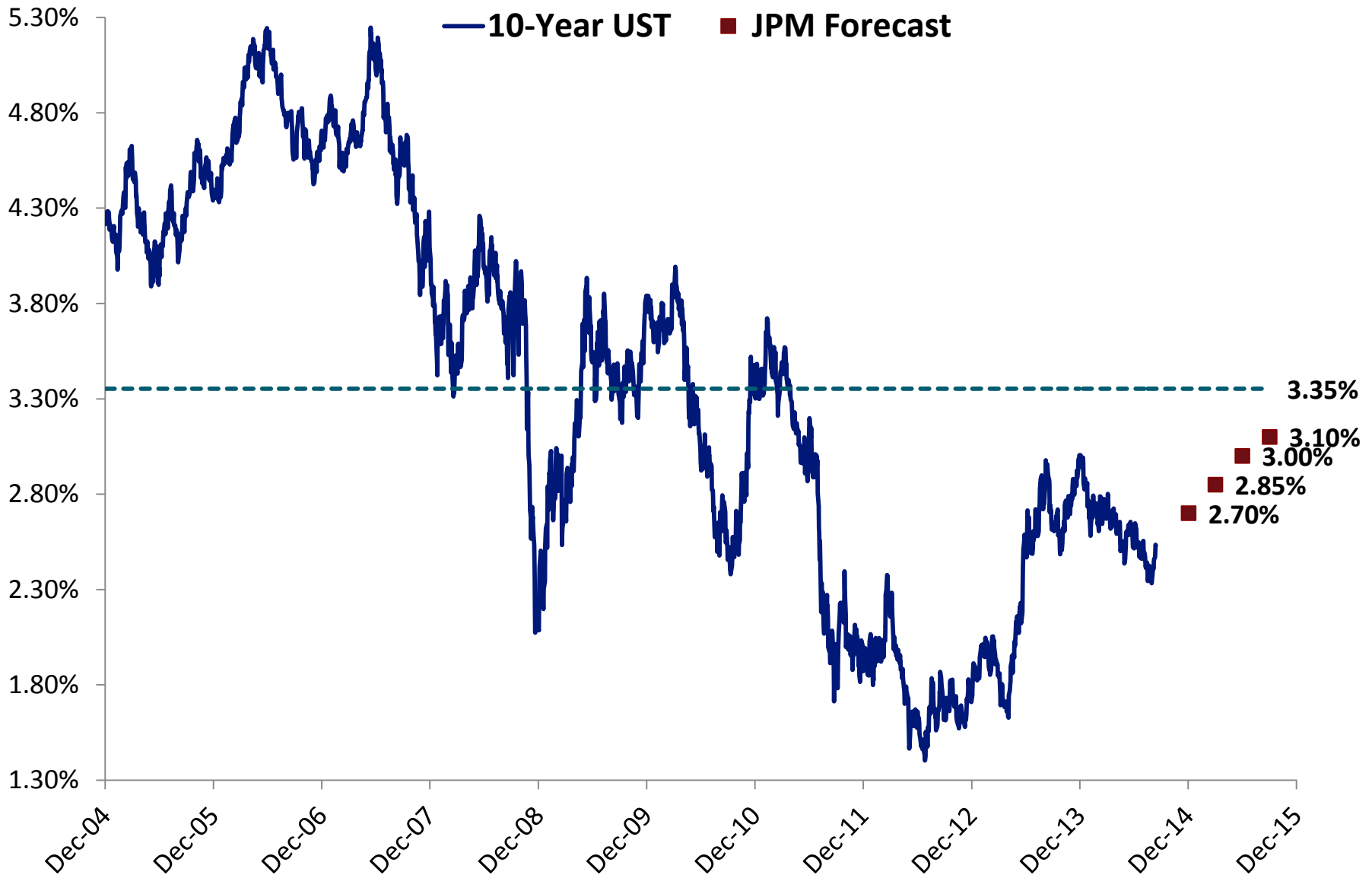
Economic Recovery Sluggish



Source: Bureau of Labor Statistics; Eastdil Secured

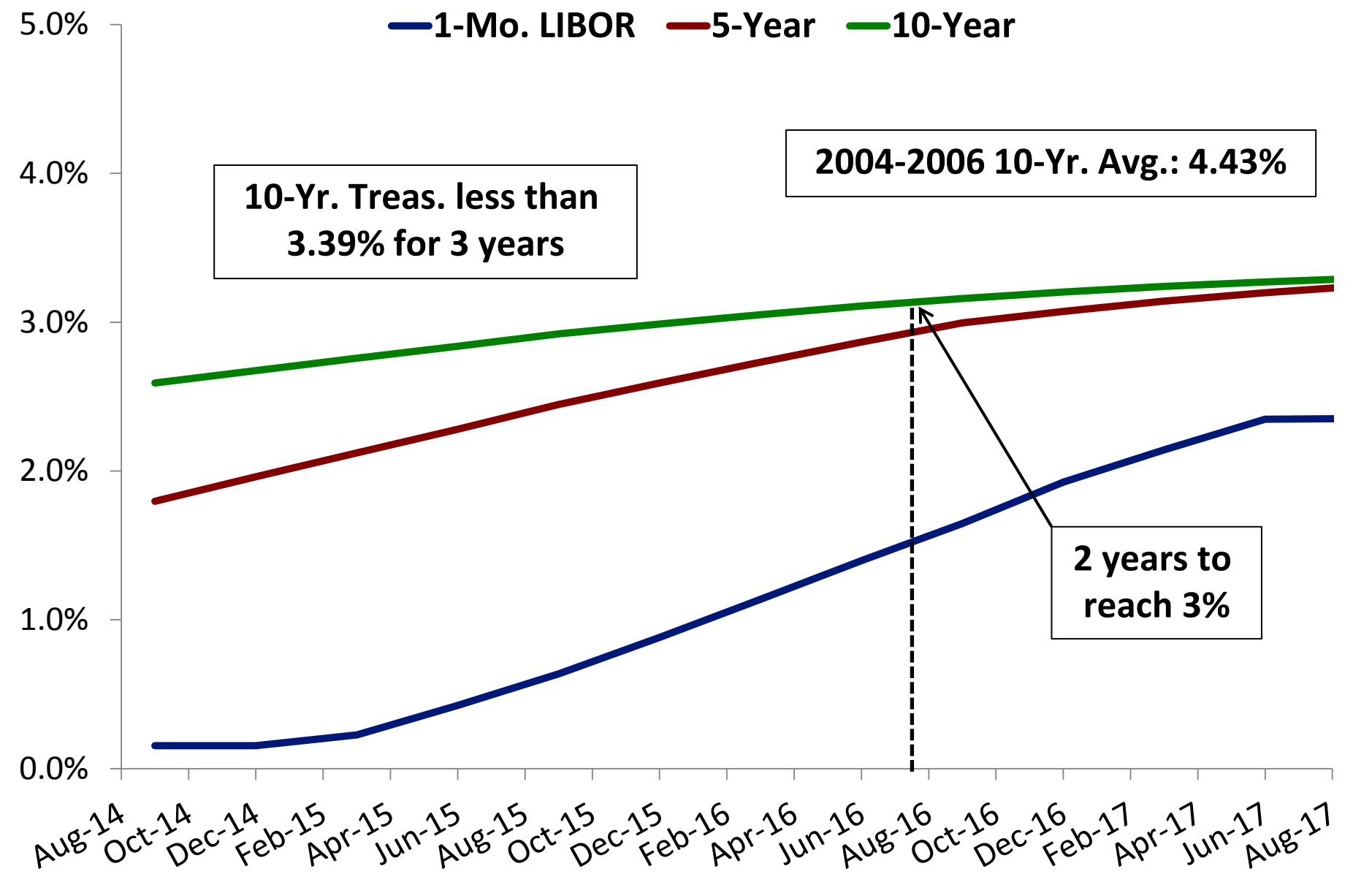


Long-Term Treasury Rates at Low Levels

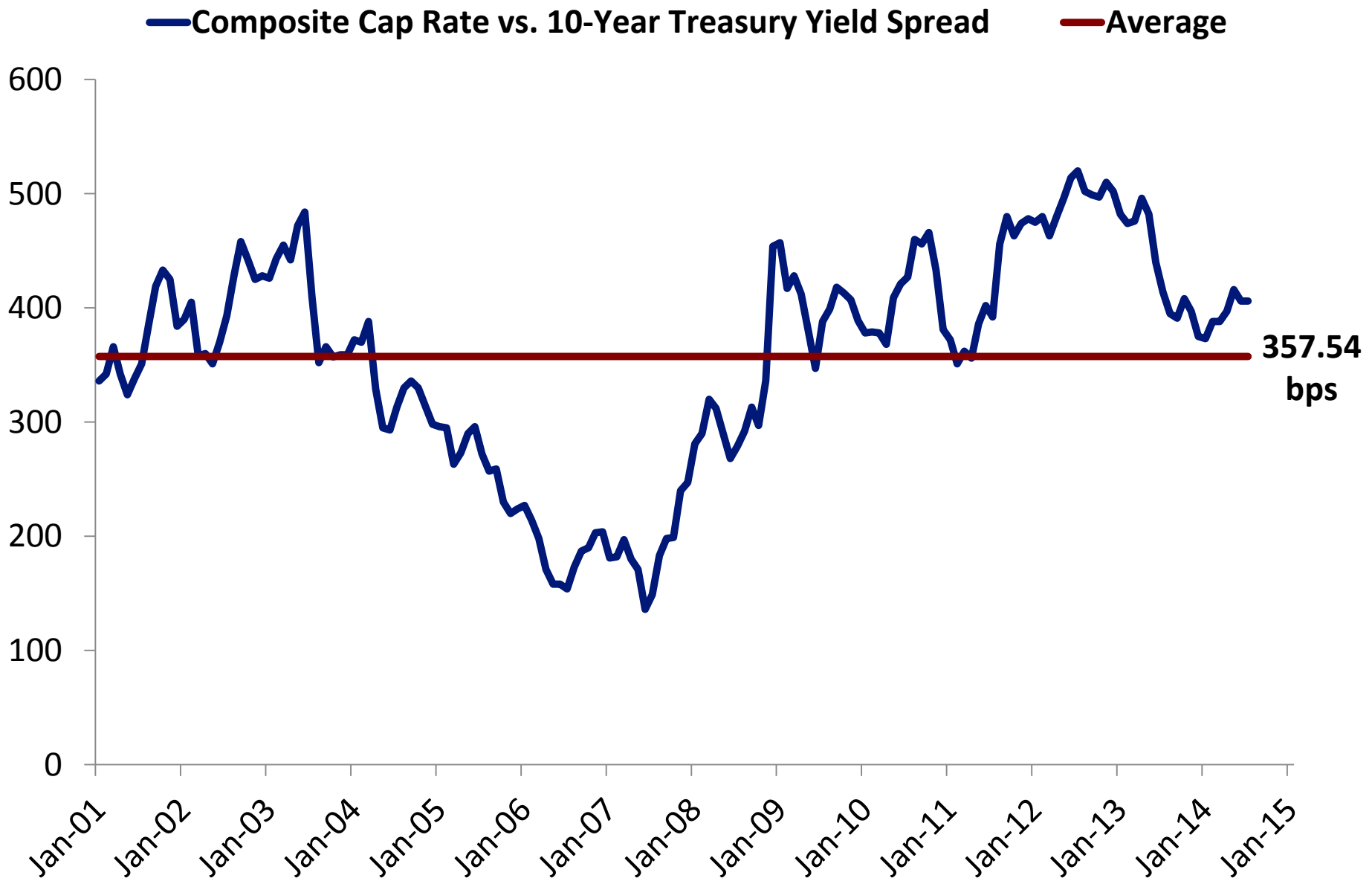


Source: J.P. Morgan DataQuery as of 9/17/2014; J.P. Morgan Forecast as of 9/12/2014.

Forward Market Predicting Low Rates Continue

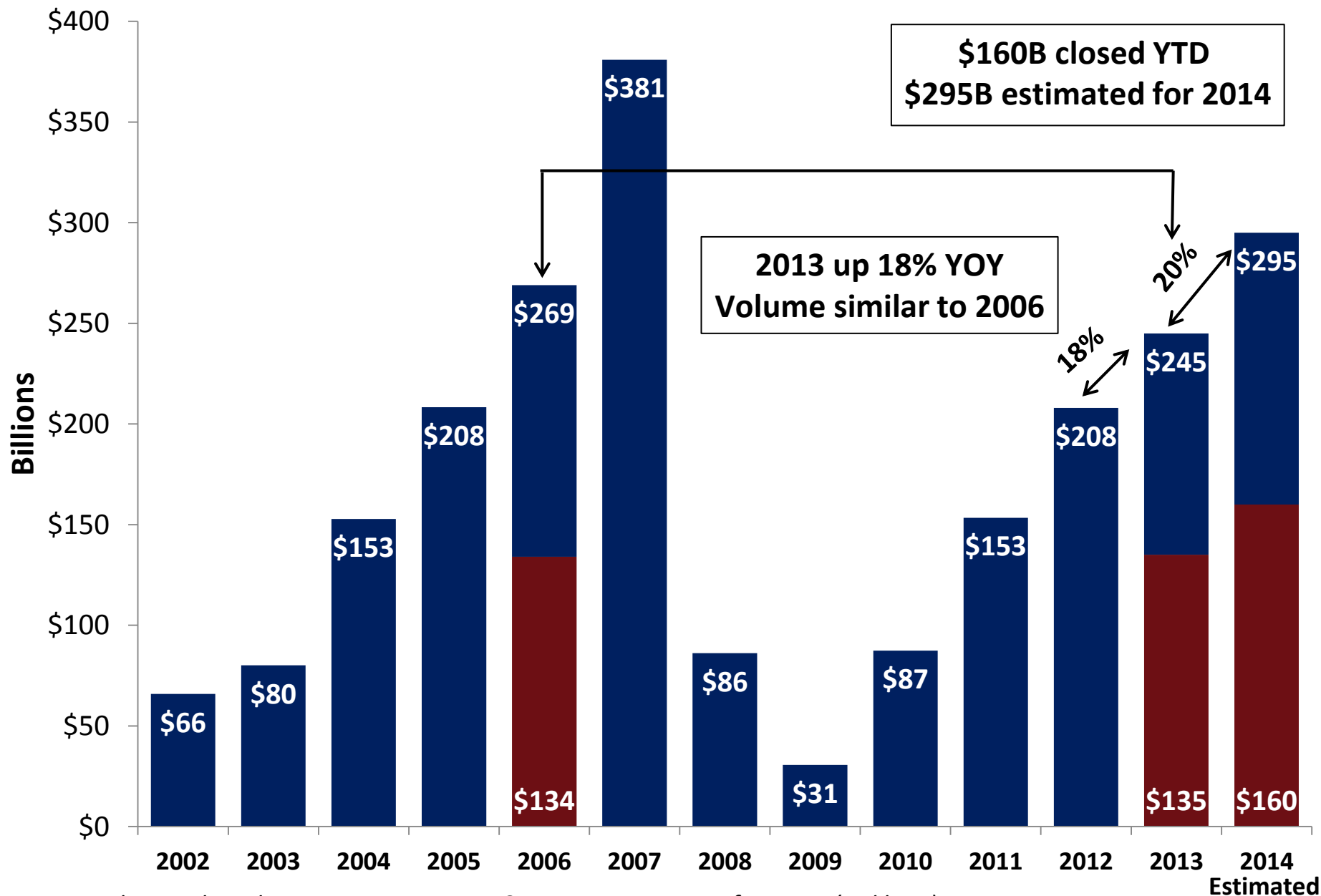


Cap Rate Spreads Above Long-Term Average



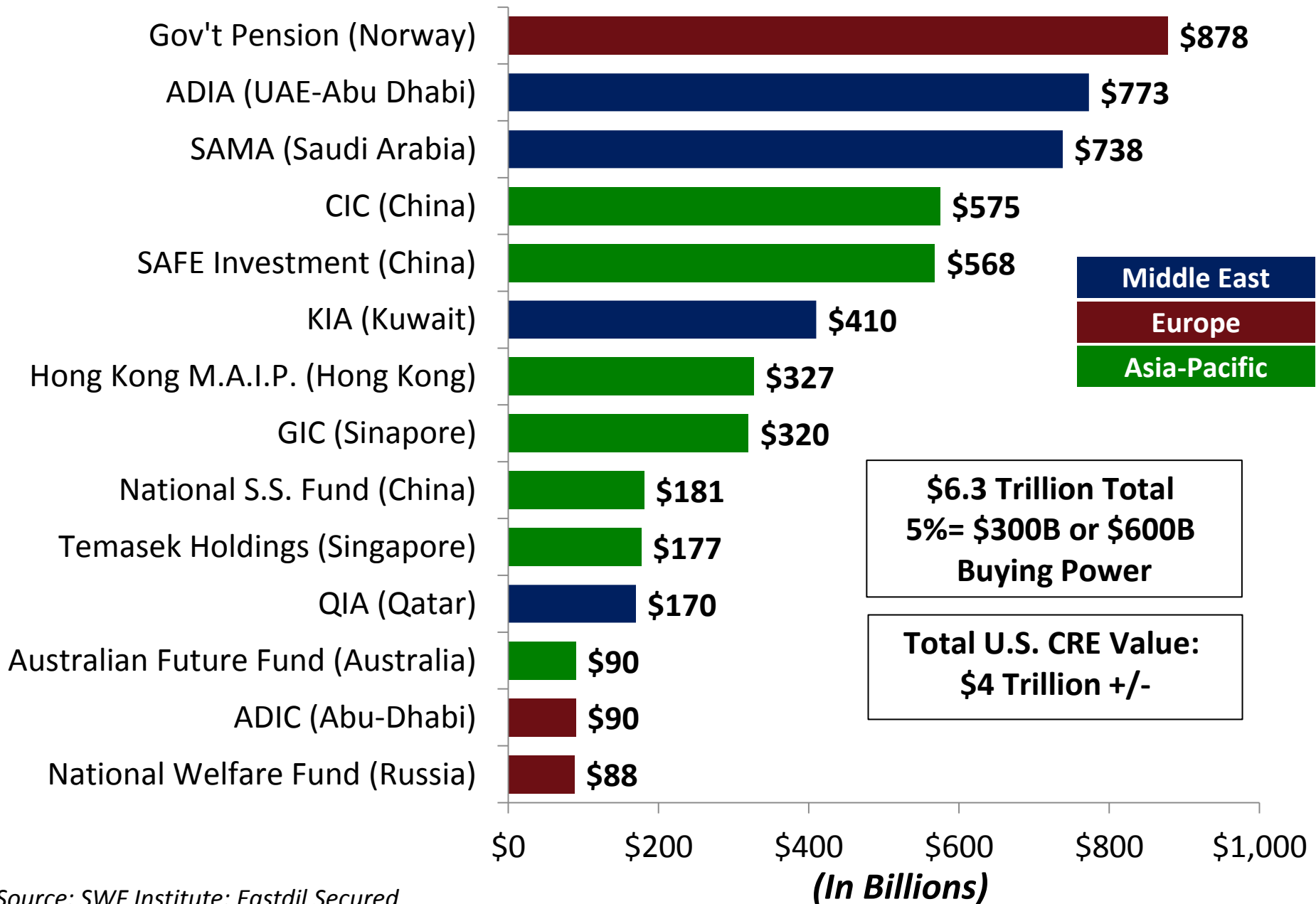
357.54
bps

Transaction Volumes Approaching Peak Levels



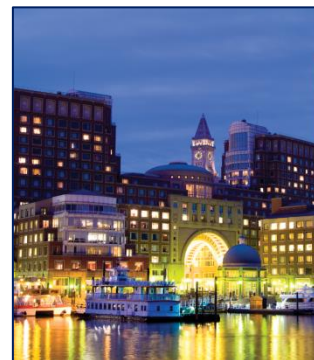
Source: Real Capital Analytics; YTD 2006, 2013 & 2014 amounts as of June 30 (red bars)

Sovereign Wealth Funds Increasingly Important to Markets



Boston Sale Transactions

Comparable Sales



BXP Development



	28 State Street	One Beacon Street	Rows Wharf	888 Boylston Street
Square Feet	572,000	1,020,000	375,000	425,000
Sale Date	February 2014	July 2014	June 2014	N/A
Buyer	Rockefeller/ Mitsubishi Estate	MetLife & Norges Bank	Morgan Stanley	N/A
Seller	Blackstone	Beacon Capital/ Allianz	Blackstone	N/A
Price (\$MM)	\$343.3	\$562.5	\$350.0	\$271.5
Price/Cost	\$600 PSF	\$553 PSF	\$932 PSF	\$639 PSF
Cap Rate/Yield	3.8%	3.9%	4.5%	Mid 7s%*

*Projected
Source: Eastdil Secured

New York Sale Transactions

Comparable Sales

BXP Development



	Five Times Square	450 Park Avenue	Park Avenue Tower	250 West 55 th Street
Square Feet	1,100,000	335,000	620,000	989,000
Sale Date	June 2014	May 2014	July 2014	N/A
Buyer	David Werner RE	Crown & Oxford	Blackstone	N/A
Seller	AVR Realty	Somerset Partners	Shorenstein	N/A
Price (\$MM)	\$1,550.0	\$545.8	\$750.0	\$1,050.0
Price/Cost	\$1,399 PSF	\$1,630 PSF	\$1,210 PSF	\$1,062 PSF
Cap Rate/Yield	4.4%	3.5%	3.7%	~6%*

**Projected*

Source: Eastdil Secured

Washington, DC Sale Transactions

Comparable Sales

BXP Development



	700 13th Street, NW	Thurman Arnold Building	Lafayette Tower (64% sale)	601 Massachusetts Avenue
Square Feet	259,000	782,000	237,000	478,000
Sale Date	March 2014	January 2014	February 2014	N/A
Buyer	Fosterlane Management Co.	MetLife/Norges	Morgan Stanley	N/A
Seller	Beacon Capital Partners	Manulife	Property Group Partners	N/A
Price (\$MM)	\$220.0	\$505.0	\$229.2	\$360.8
Price/Cost	\$850 PSF	\$646 PSF	\$967 PSF	\$755 PSF
Cap Rate/Yield	3.8%	Retenant	5.8%	High 7s%*

*Projected
Source: Eastdil Secured

San Francisco Sale Transactions

Comparable Sales



BXP Development



	Foundry Square II	One Market (50% Sale)	555 Mission Street	535 Mission Street
Square Feet	505,000	1,604,000	556,000	307,000
Sale Date	September 2014	July 2014	May 2012	N/A
Buyer	TIAA-CREF	EOP/Blackstone	Union	N/A
Seller	GE Capital	Paramount	Tishman Speyer	N/A
Price (\$MM)	\$390.0	\$1,245.0	\$446.5	\$215.0
Price/Cost PSF	\$772 PSF	\$776 PSF	\$802 PSF	\$700 PSF
Cap Rate/Yield	High 2s%	Mid 3s%	4.2%	~7%+*

*Projected
Source: Eastdil Secured

Boston Market



Weston Corporate Center



Back Bay, Boston



Cambridge

- Shift Beginning to Occur in the Makeup of Tenants in the CBD Market
- Space Reductions from Financial & Legal Industry are Coming to an End
- Life Science and Tech Titans Dominating Supply Constrained East Cambridge
- New Supply in Cambridge (BTS), Incremental Growth, New Supply in CBD has Muted Absorption
- Growth in Suburban Market has Accelerated Even as Tech/Life Science Demand has Grown in the Urban Areas

New York Market

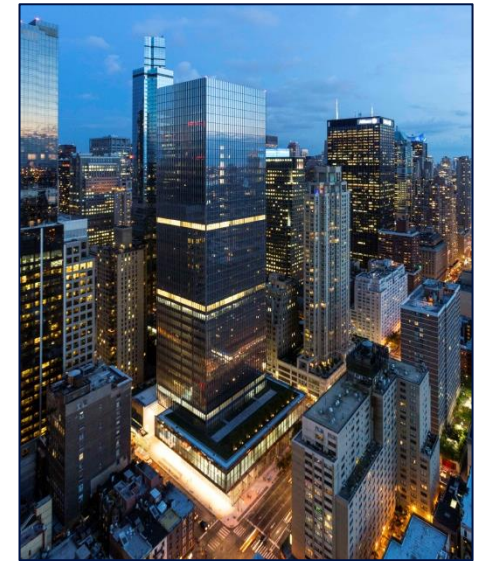
- Significant Expansion of “TAMI” and Small Financial Firm Demand
- Impact of Significant Large Corporate Downsizing Appears Behind Us
- Law Firm Contraction has been Less than Expected (Forward Planning)
- Downtown Absorption has been Positive but New Construction Subsidies at 1, 4 and Possibly 3 WTC, as well as, Hudson Yards are Still Impacting Market
- High-End Space (Above \$100/SF) Totals ~10 MSF, Dominated by Small Financial Firms



599 Lexington Avenue



510 Madison Avenue



250 W. 55th Street

Washington, DC Market



2200 Pennsylvania Avenue



South of Market

- Law Firms and GSA Compression Continues to Dominate the Demand Side
- Significant Availability of Large Blocks of Space in Existing and Proposed CBD Assets
- New Construction Continues to be Added with a Resulting Negative Absorption (Winners & Losers)
- Northern Virginia has Seen No Net Absorption in the Aggregate Over the Last Few Years
- The Reston Town Center Attraction and Out-Performance Gap Continues to Widen

San Francisco Market

- We are in the 4th Year of Exceptional New Demand Highlighted by Large Scale Technology Expansions
- New Supply is Being Absorbed More Quickly than Anyone Expected (70% Pre-Lease)—Prop M is a Reality
- Downsizing for Traditional Tenants has been Surprisingly Small in the Aggregate (About 300,000 SF/Year)
- South of Market Tech Tenants have been Forced to Look Across the City into Traditional CBD Buildings, New Construction and “Once” Peripheral Locations
- Gross Rents are Up 50% since 2012, but Still Not at 2000 Levels



Embarcadero Center



50 Hawthorne Street

Active Development Pipeline (Placed In-Service)



250 West 55th Street



The Avant



680 Folsom Street

Project Name	Location	Square Feet	Estimated Total Cost	PSF	% Leased
250 West 55 th Street	New York, NY	989,000	\$1,050,000,000	\$1,062	77%
680 Folsom Street	San Francisco, CA	525,000	\$340,000,000	\$648	98%
The Avant	Reston, VA	355,000	\$137,000,000	\$387	N/A
Totals (except PSF and % Leased are averages)		1,869,000	\$1,527,000,000	\$817	84%

Active Development Pipeline (In Progress)



888 Boylston Street



535 Mission Street



601 Massachusetts Avenue

Project Name	Location	Square Feet	Estimated Total Cost (MM)	PSF	% Leased
601 Massachusetts Avenue	Washington, DC	478,000	\$360.7	\$755	83%
888 Boylston Street	Boston, MA	425,000	\$271.5	\$639	30%
10 CityPoint	Waltham, MA	245,000	\$100.4	\$410	62%
804 Carnegie Center	Princeton, NJ	130,000	\$40.4	\$311	100%
690 Folsom Street	San Francisco, CA	26,000	\$17.9	\$688	0%
535 Mission Street	San Francisco, CA	307,000	\$215.0	\$700	34%
Salesforce Tower (95%)	San Francisco, CA	1,400,000	\$1,073.5	\$807	51%
AJ Building Seven (50%)	Annapolis, MD	125,000	\$17.5	\$280	100%
AJ Building Eight (50%)	Annapolis, MD	125,000	\$18.0	\$288	0%
99 Third Avenue	Waltham, MA	17,000	\$16.9	\$994	85%
Totals (except PSF and % Leased are averages)		3,278,000	\$2,132.4	\$651	54%

10 CityPoint Waltham



Office Square Feet	228,400
Retail Square Feet	16,600
Total Square Feet	245,000
Estimated Delivery Date	Q3 2016
% Leased	62%
Wolverine Worldwide	152,000 SF*
<i>*Right to take an additional floor.</i>	
Hard Costs (MM)	\$63.8
Land (MM)	\$6.6
Soft Costs (MM)	\$11.3
Tenant Transaction Costs (MM)	\$18.6
Total Costs (MM)	\$100.4
Cost Per Square Foot	\$410



888 Boylston Street



Office Square Feet	365,000
Retail Square Feet	60,000
Total Square Feet	425,000
Estimated Delivery Date	Q1 2016
% Leased	30%
Natixis	127,800 SF*
<i>*Right to take an additional floor.</i>	
Hard Costs (MM)	\$178.1
Land (MM)	\$28.2
Soft Costs (MM)	\$26.3
Tenant Transaction Costs (MM)	\$38.9
Total Costs (MM)	\$271.5
Cost Per Square Foot	\$639



601 Massachusetts Avenue



Square Feet	478,000
Estimated Delivery Date	Q4 2015
% Leased	83%
Arnold & Porter	376,000 SF
Hard Costs (MM)	\$119.7
Land & Soft Costs (MM)	\$121.6
Soft Costs (MM)	\$55.2
Tenant Transaction Costs (MM)	\$64.3
Total Costs	\$360.8
Cost Per Square Foot	\$755



804 Carnegie Center



Square Feet	130,000
Estimated Delivery Date	Q1 2016
% Leased	100%
NRG (Single Tenant)	130,000 SF
Hard Costs (MM)	\$21.4
Land (MM)	\$4.9
Soft Costs (MM)	\$4.9
Tenant Transaction Costs (MM)	\$9.3
Total Costs (MM)	\$40.4
Cost Per Square Foot	\$311



535 Mission Street



Square Feet	307,000
Delivery Date	Q4 2014
% Leased	34%
Trulia	106,000 SF
Hard Costs (MM)	\$102.9
Land (MM)	\$52.1
Soft Costs (MM)	\$32.8
Tenant Transaction Costs (MM)	\$27.2
Total Costs (MM)	\$215.0
Cost Per Square Foot	\$700



Salesforce Tower (95% Ownership)



Square Feet	1,400,000
Estimated Delivery Date	Q2 2017
% Leased	51%
Salesforce.com	714,000 SF
Hard Costs (MM)	\$456.7
Land (MM)	\$194.8
Soft Costs (MM)	\$286.1
Tenant Transaction Costs (MM)	\$135.9
Total Costs (MM)	\$1,073.5
Cost Per Square Foot	\$807



Future Development Pipeline

Project	Region	Square Feet
20 CityPoint	Boston	200,000
Cambridge Residential (250-300 Units)	Cambridge	175,000
Cambridge North Garage	Cambridge	1,000,000
North Station All Phases (50% JV)	Boston	1,800,000
100 Clarendon Street	Boston	1,000,000
Reston Town Center Signature Site	Washington, DC	775,000
Reston Gateway (RTC III)	Washington, DC	3,000,000
501 K Street (50% JV)	Washington, DC	520,000
Future Development Pipeline Total		8,585,000



North Station



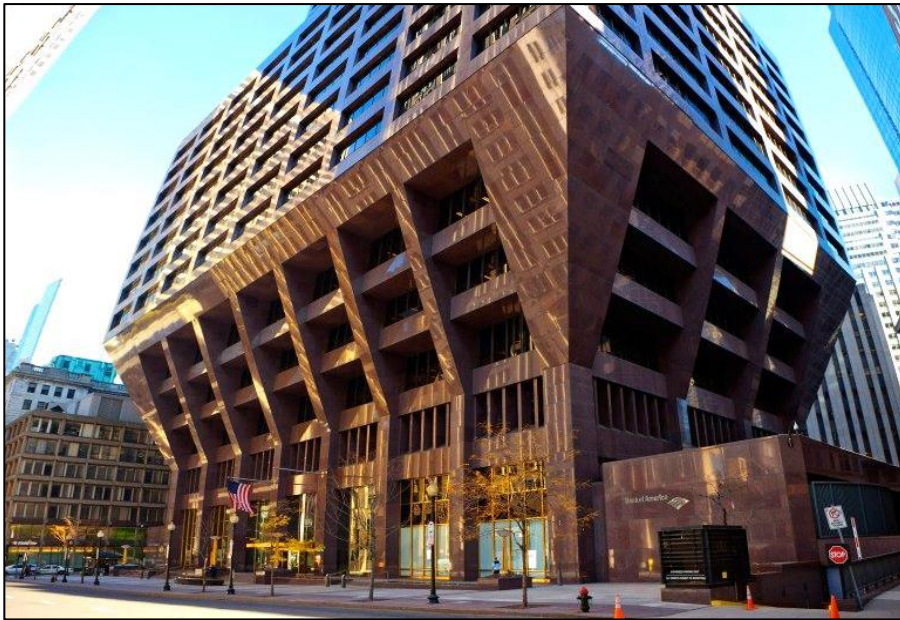
Cambridge Residential



Reston Town Center
Signature Site

Boston Redevelopment

Property	Square Feet	Description of Work
Prudential Center Retail	N/A	Redesign Food Court and Inline Retail
Flagship Arcade	17,000	Add 2 nd Level to Boylston Street Arcade Across from 888 Boylston Street
100 Federal Street	25,000	Redesign Food Court and Entrance



Existing



Proposed

New York Redevelopment

Property	Square Feet	Description of Work
601 Lexington Avenue	N/A	Retail Repositioning
767 Fifth Avenue (GM Building)	N/A	Retenant FAO Schwarz Space



601 Lexington Avenue



767 Fifth Avenue (GM Building)



Washington, DC Redevelopment

Property	Square Feet	Description of Work
Metropolitan Square	N/A	New Exterior Façade, Lobby and Elevator Cabs
1330 Connecticut Avenue	N/A	Redesign Lobby, Elevator Cabs and Restrooms



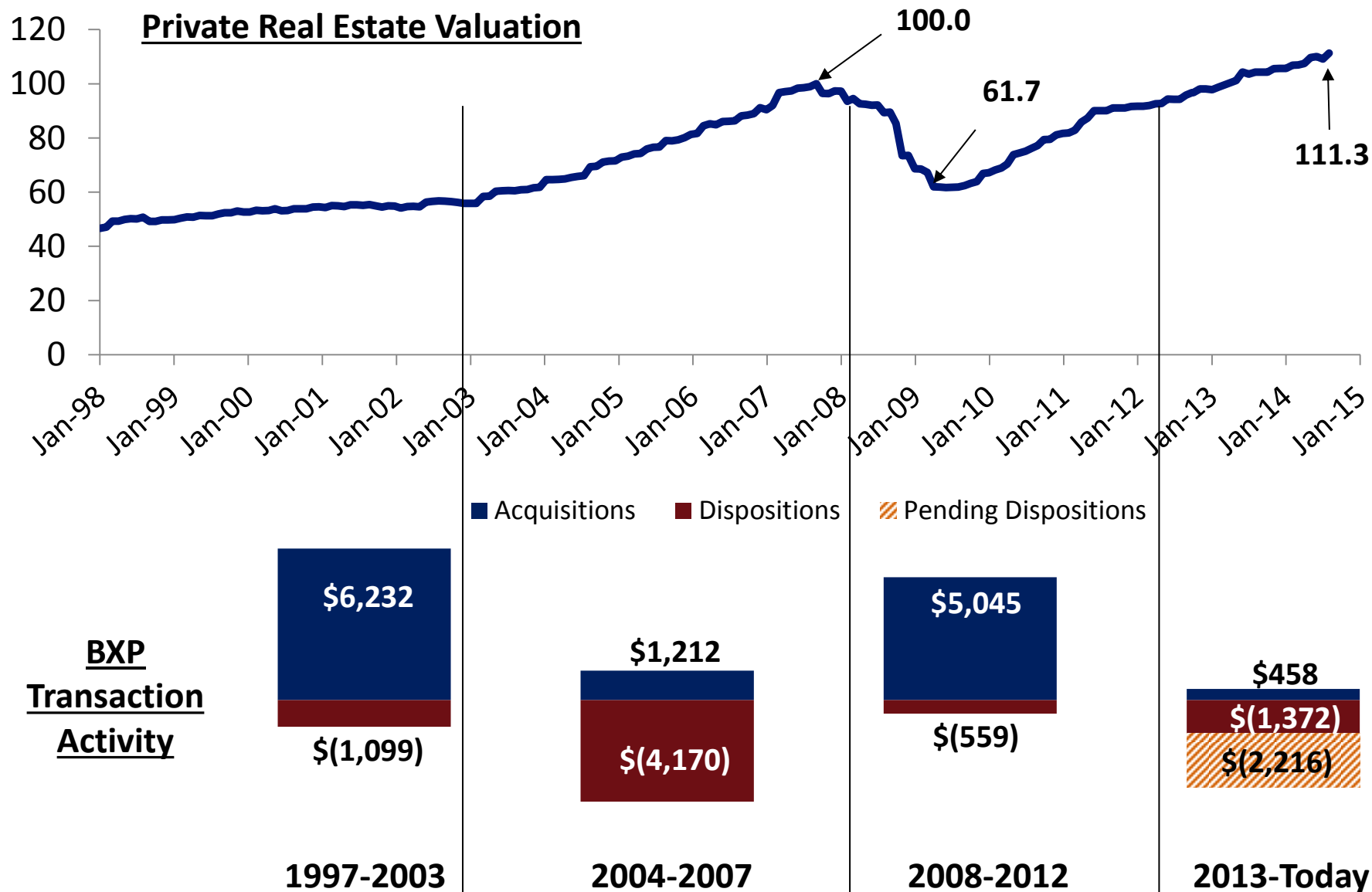
Existing



Proposed



BXP Net Investment Activity



Acquisition Criteria

- Core Markets
- High-Quality Assets
- Possibility of Value Add Through Management Capability
- Off-Market and/or Unique Angle Such as Tax Protection

Current Environment

- Difficult to Find Accretive Acquisitions in Current Market Climate
- Interest Rates Very Low; Returns from Alternate Asset Classes also Low
- BXP Core Markets of Interest to Many Capital Sources
- Pricing Above Replacement Costs and Below BXP Cost of Capital



Disposition Strategy

- Opportune Time to Harvest Select Assets Given Pricing Environment
- Capital to be Recycled to New Development Over the Longer Term
- Depending on Tax Basis and Acquisition Activity, Asset Sales Often Lead to Special Dividends

Non-Core

Asset	Sales Price
<u>2013</u>	
125 West 55 th Street (60%)	\$282
One Preserve Parkway	\$61
303 Almaden	\$40
Montvale	\$25
10 & 20 Burlington Mall Road	\$30
740 Eighth Avenue	\$22
<u>2014</u>	
Land Sales	\$68
Total	\$528

Attractive Price / Lower Growth

Asset	Sales Price
<u>2013</u>	
Times Square Tower	\$684
1301 New York Avenue	\$135
<u>2014</u>	
601 Lexington Avenue	\$1,827
Atlantic Wharf	
100 Federal Street	
Patriot's Park (Pending)	\$321
Mountain View Portfolio	\$92
Total	\$3,059

Norges Bank Joint Venture – Recently Announced



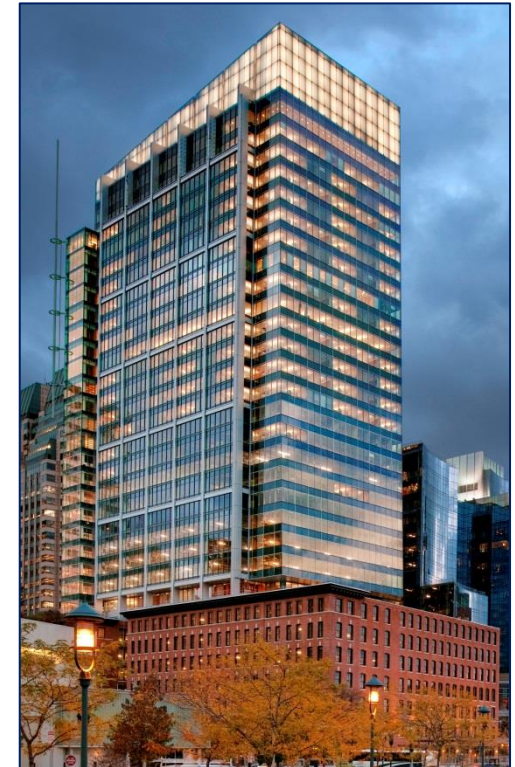
100 Federal Street

- 1,265,000 Square Feet
- 90.9% Leased
- Acquired in 2012 for \$616 Million or \$487/PSF



601 Lexington Avenue

- 1,631,000 Square Feet
- 99.8% Leased
- Acquired in 2001 for \$750 Million or \$460/PSF



Atlantic Wharf-Office

- 794,000 Square Feet
- 100% Leased
- Developed in 2011 for \$553 Million or \$696/PSF



Norges Bank Joint Venture Metrics

- 45% Joint Venture Structure
- \$4.06 Billion Portfolio Valuation
- \$1,073 PSF
- 3.8% 2015 Cap Rate
- Transaction Raising \$1.5 Billion
- Estimated Gain \$1.0 Billion
- BXP Retains Operational Control Including Leasing and Management
- 15.5% Unleveraged IRR to BXP over Eight-Year Average Life



Questions?



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Boston Development Activities

Bryan Koop – Regional Manager



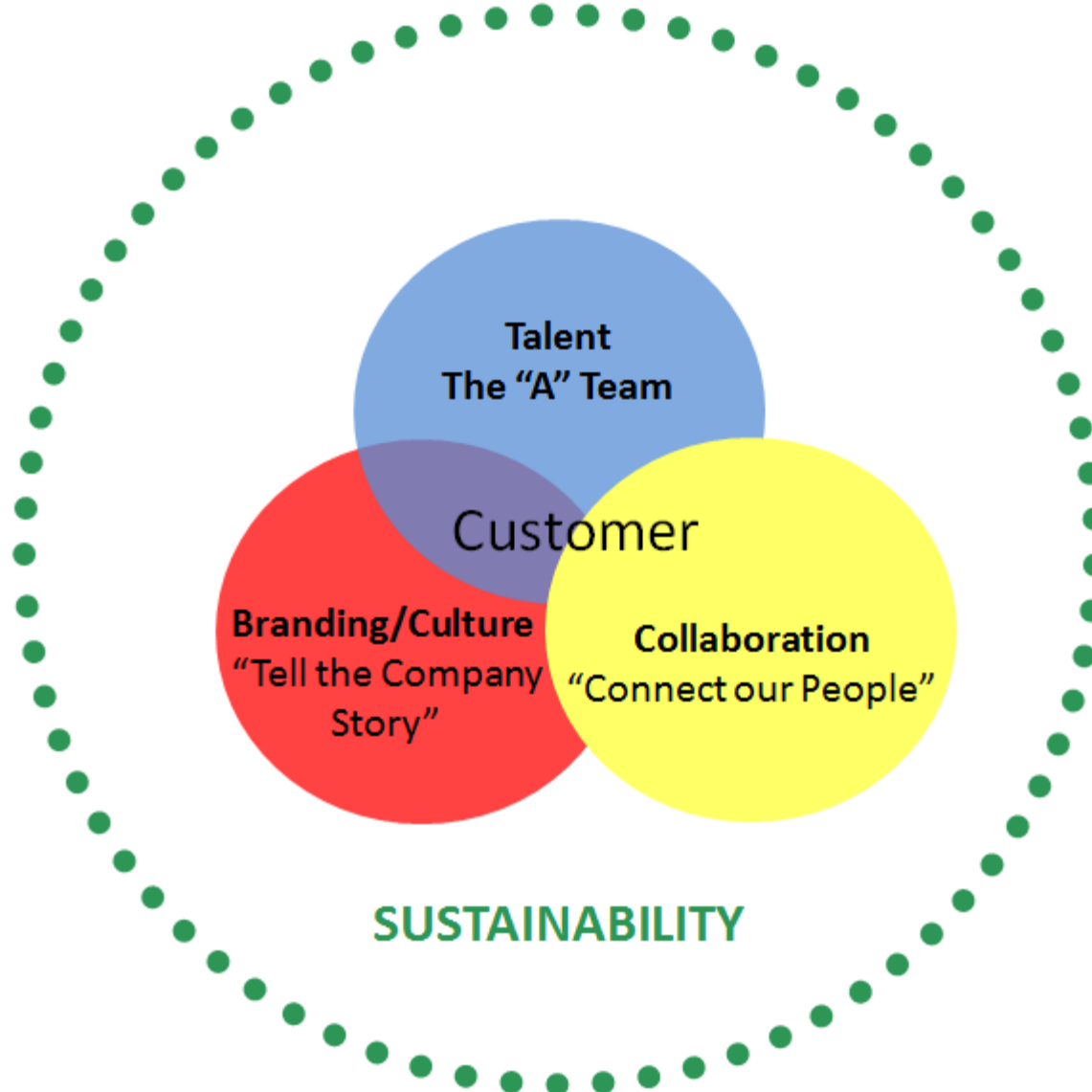
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High Performance Workspace



It's About the Lives Inside



Boston Development Pipeline



North Station



Cambridge Residential



888 Boylston Street

Project	Location	Square Feet	Estimated Total Cost	PSF	% Leased
99 Third Avenue	Waltham	17,000	\$17 Million	\$994	85%
888 Boylston Street	Boston	425,000	\$272 Million	\$639	30%
10 CityPoint	Waltham	245,000	\$100 Million	\$410	62%
Total Under Development		687,000	\$389 Million	\$566	43%

Project	Location	Square Feet
20 CityPoint	Boston	200,000
Cambridge Residential (250-300 Units)	Cambridge	175,000
North Station All Phases (50% JV)	Boston	1,800,000
Flagship Arcade at Prudential Center	Boston	17,000
Total Future Development Pipeline		2,192,000

888 Boylston Street

David Stewart, VP – Development

Philip Dorman, VP – Leasing



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Back Bay – Boston

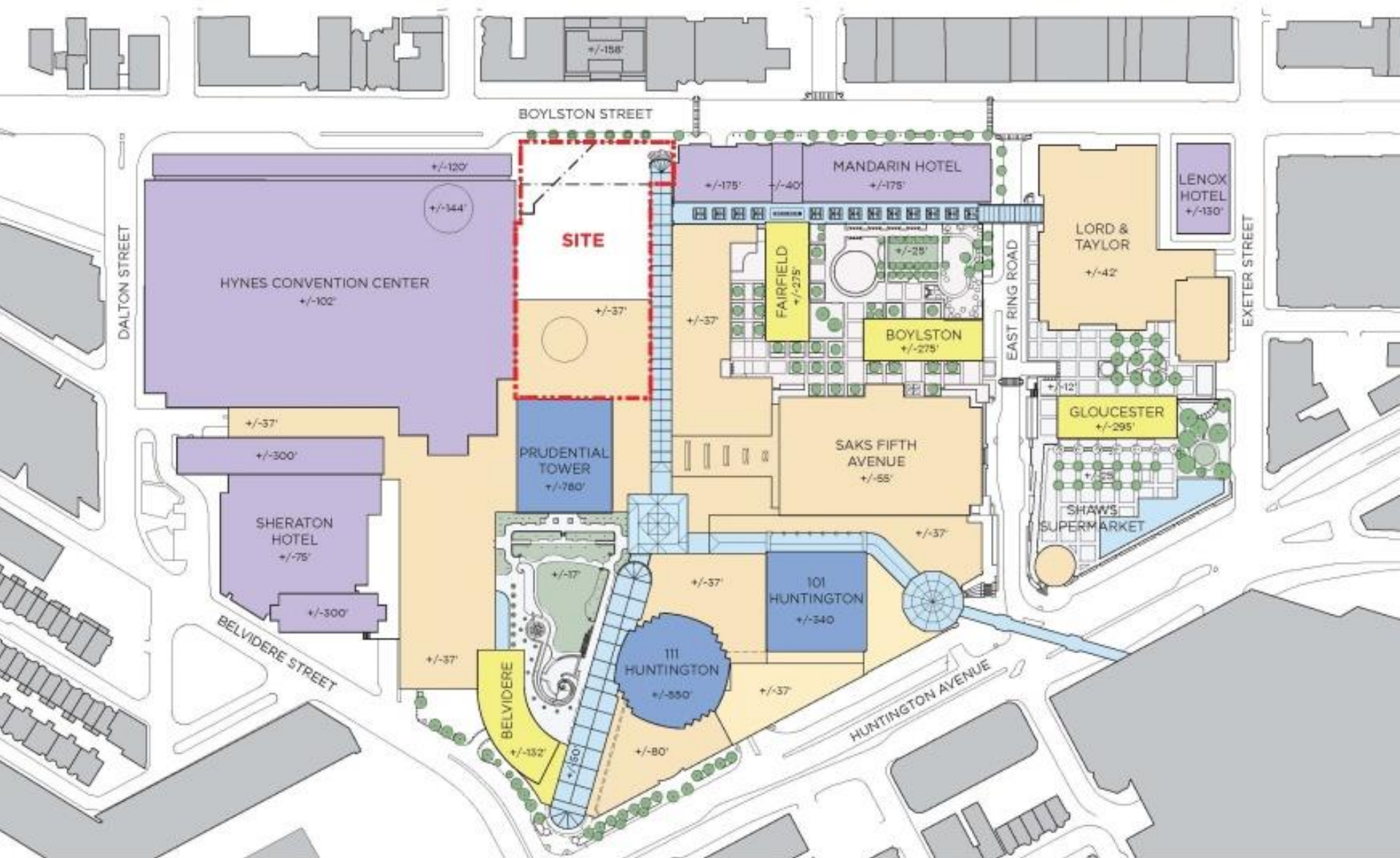


Prudential Center



- Boston's Premier Mixed-Use Development
- 2,600,000 SF Office
 - 98% Leased
- 578,000 SF Retail
 - 100% Leased
- 3,800 Car Garage
- Residential, Hotel, Hynes Convention Center

Site Plan



888 Boylston Street



- 17 Stories
- 425,000 SF
 - Office: 365,000 SF
 - Retail: 60,000 SF
- Office Pre-Lease
 - 128,000 SF Leased
 - 52,000 SF in Negotiation
- Target Prospects
 - Boutique Financial
 - Flagship Retail

Boston's Most Sustainable Building



1 
Green Roof with
Intensive Native Planting
& Beehive Colonies



2 
Rain Harvesting
System



3 
Outdoor Green
Amenity Terrace



4 
High Performance
Building Envelope



5 
Energy-efficient,
Ecologically Sensitive
Outdoor Lighting



6 
Photovoltaics



7 
High Efficiency Chilled
Beam HVAC System



8 
Bike Sharing, Storage and Showers



9 
Wind Turbines



10 
Climate Change Resilient Elevated
Equipment



11 
Sky Gardens on Individual Floors



Under Investigation

12 
Ground Source Heat Exchange

13 
On-Site Cogeneration



Energy



- ❑ 888 Boylston will consume **45%** less energy than the average office building in New England
- ❑ Annual Energy Cost Savings = **\$345,000/yr**

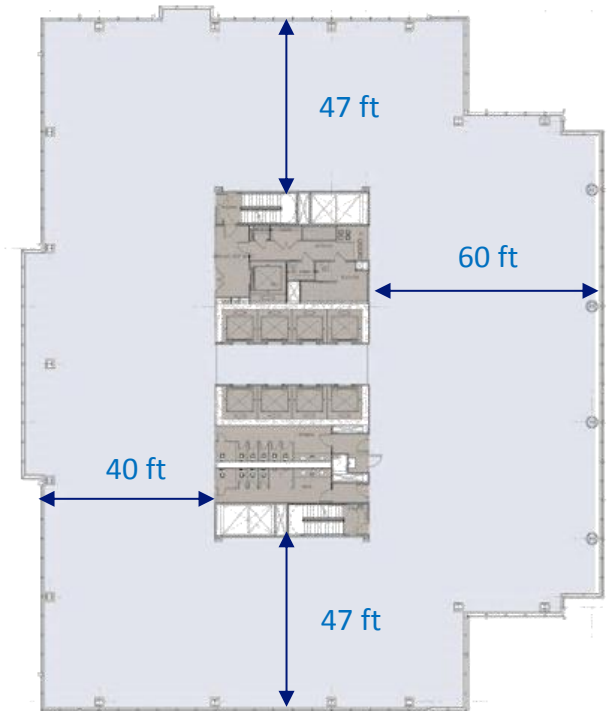


Water



- ❑ Water use will be **37%** lower than a typical new office building
- ❑ **20%** of building's water use will come from rainwater harvested from the roof

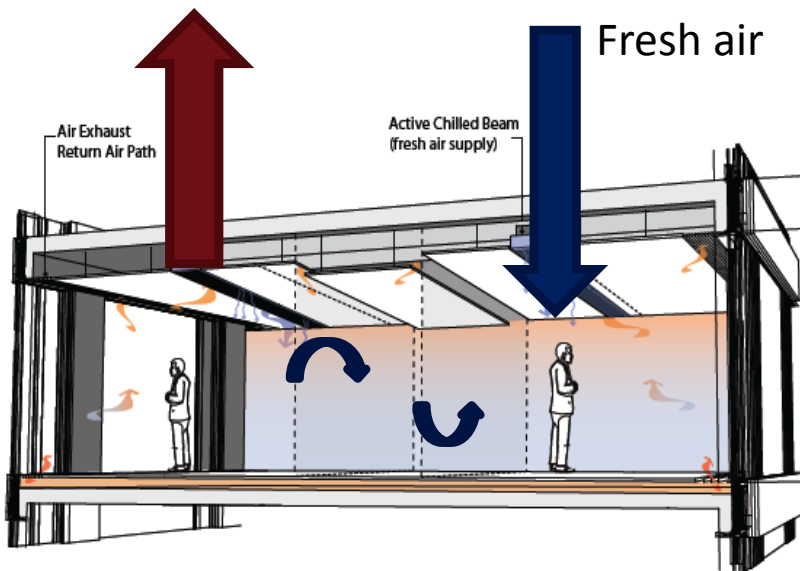




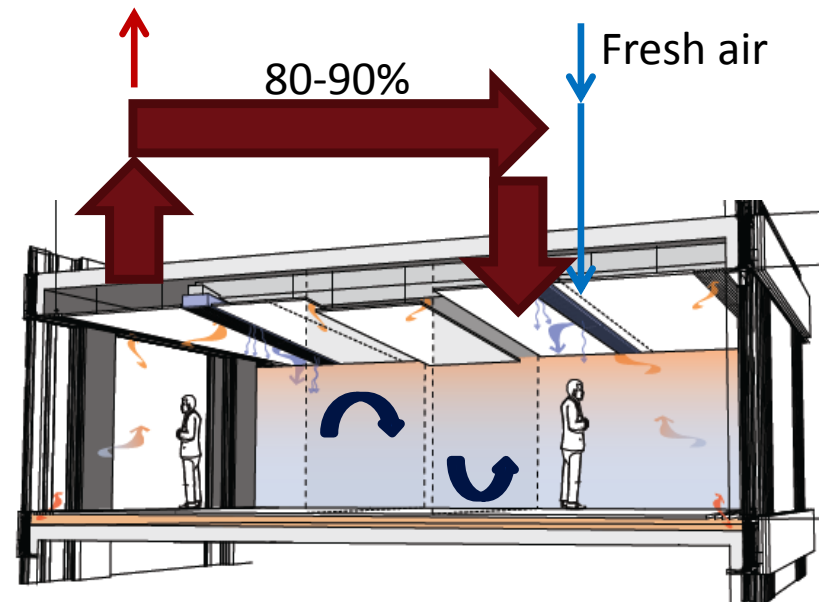
- ❑ During the working hours, lights off **60%** of the time
- ❑ More daylight = **higher productivity**



- ❑ Better air quality than in a typical office building
- ❑ 30% more “fresh” air and 50% more air changes per hour



888 Boylston Street



Typical Office Building

High Street Retail



Shopping Center Expansion



North Station Development

Kevin Sheehan – VP, Development

Patrick Mulvihill – Director, Leasing

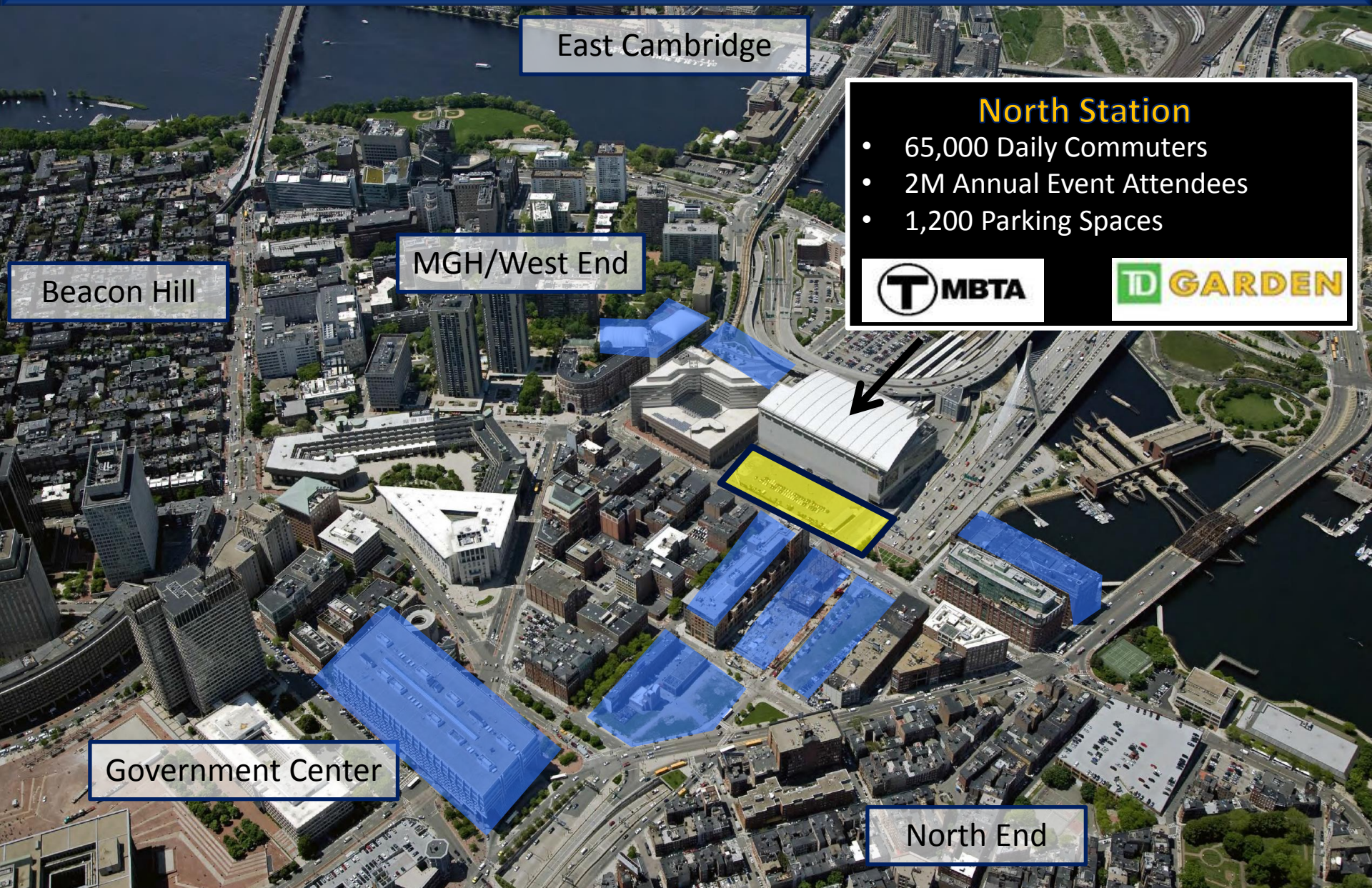


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North Station



Aerial View



East Cambridge

MGH/West End

Beacon Hill

North Station

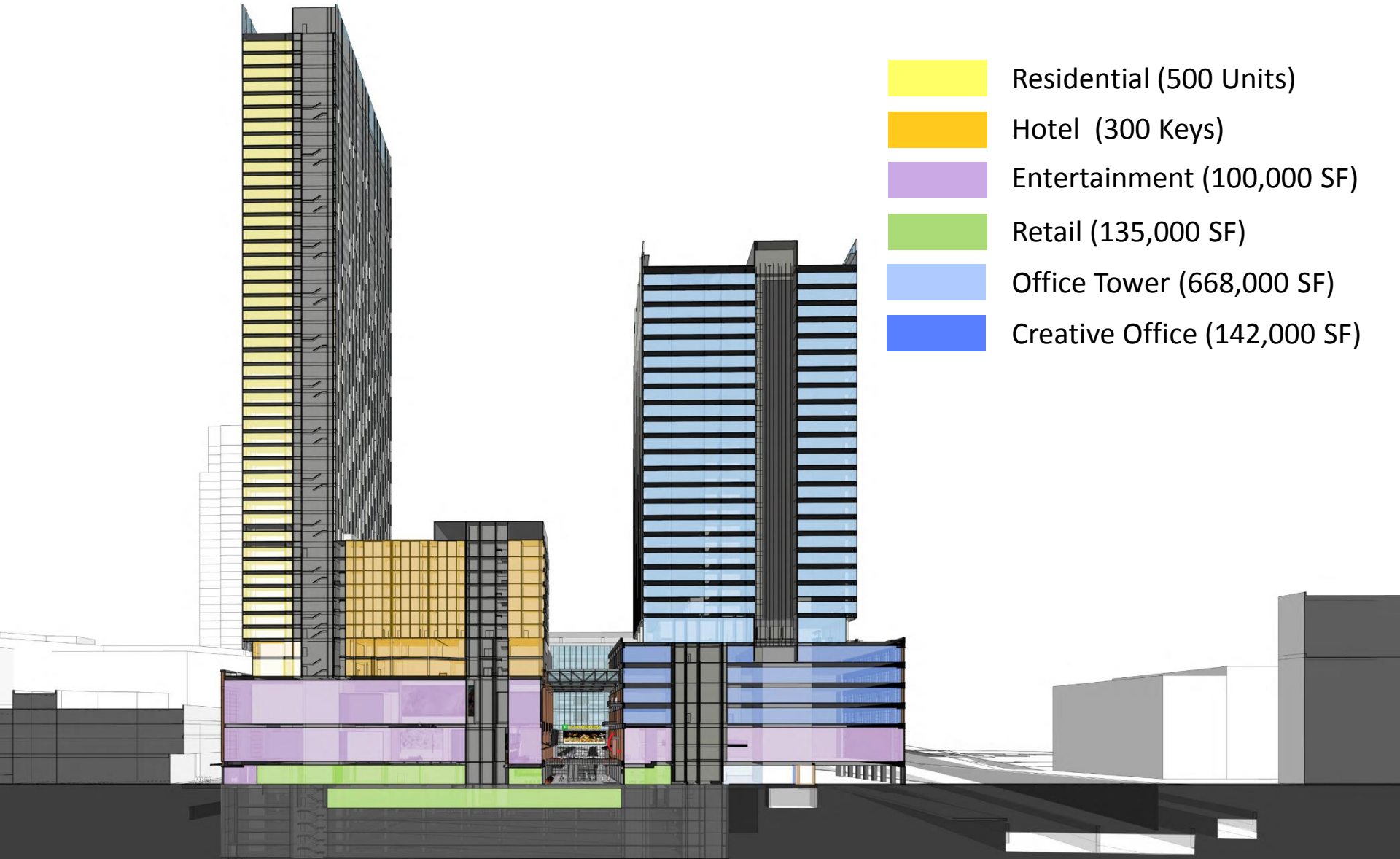
- 65,000 Daily Commuters
- 2M Annual Event Attendees
- 1,200 Parking Spaces



Government Center

North End

Development Program



Retail



Office



Creative Office



Residential



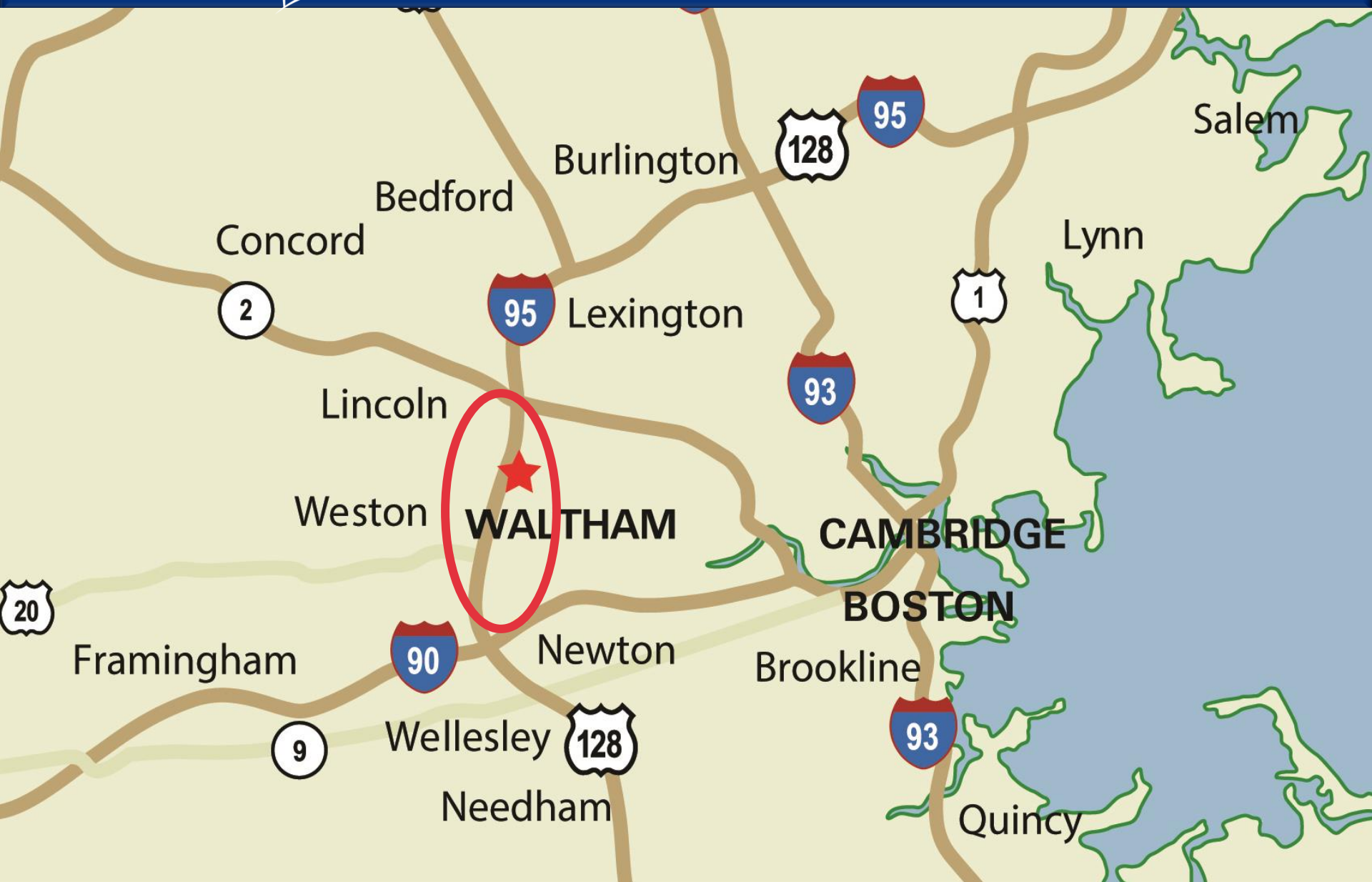
CityPoint Waltham, MA

Richard Monopoli – VP, Development

David Provost – SVP, Leasing



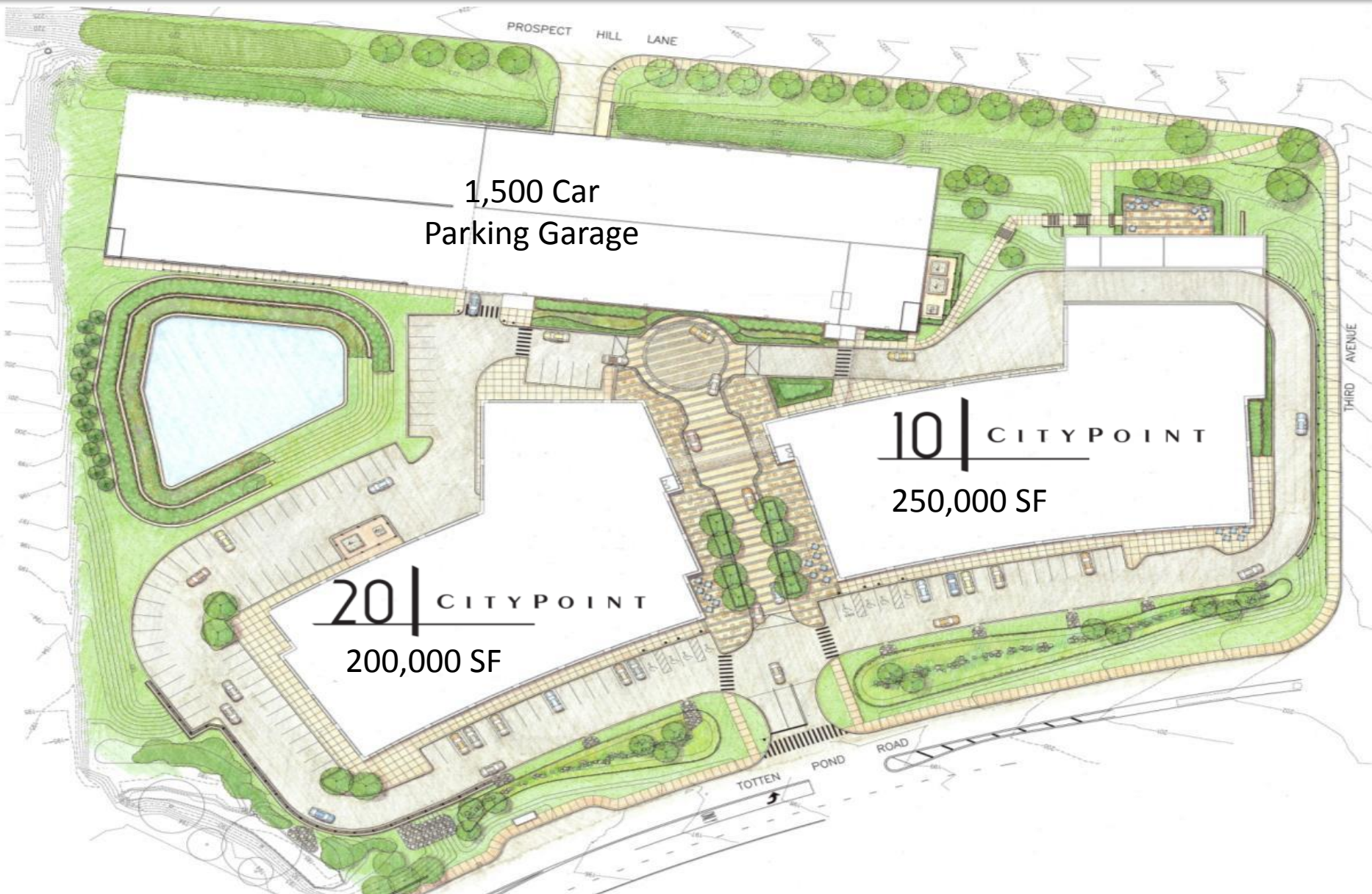
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Kendall Center

Michael Cantalupa

Senior Vice President – Development



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East Cambridge/Kendall Square



Kendall Center



Broad Institute





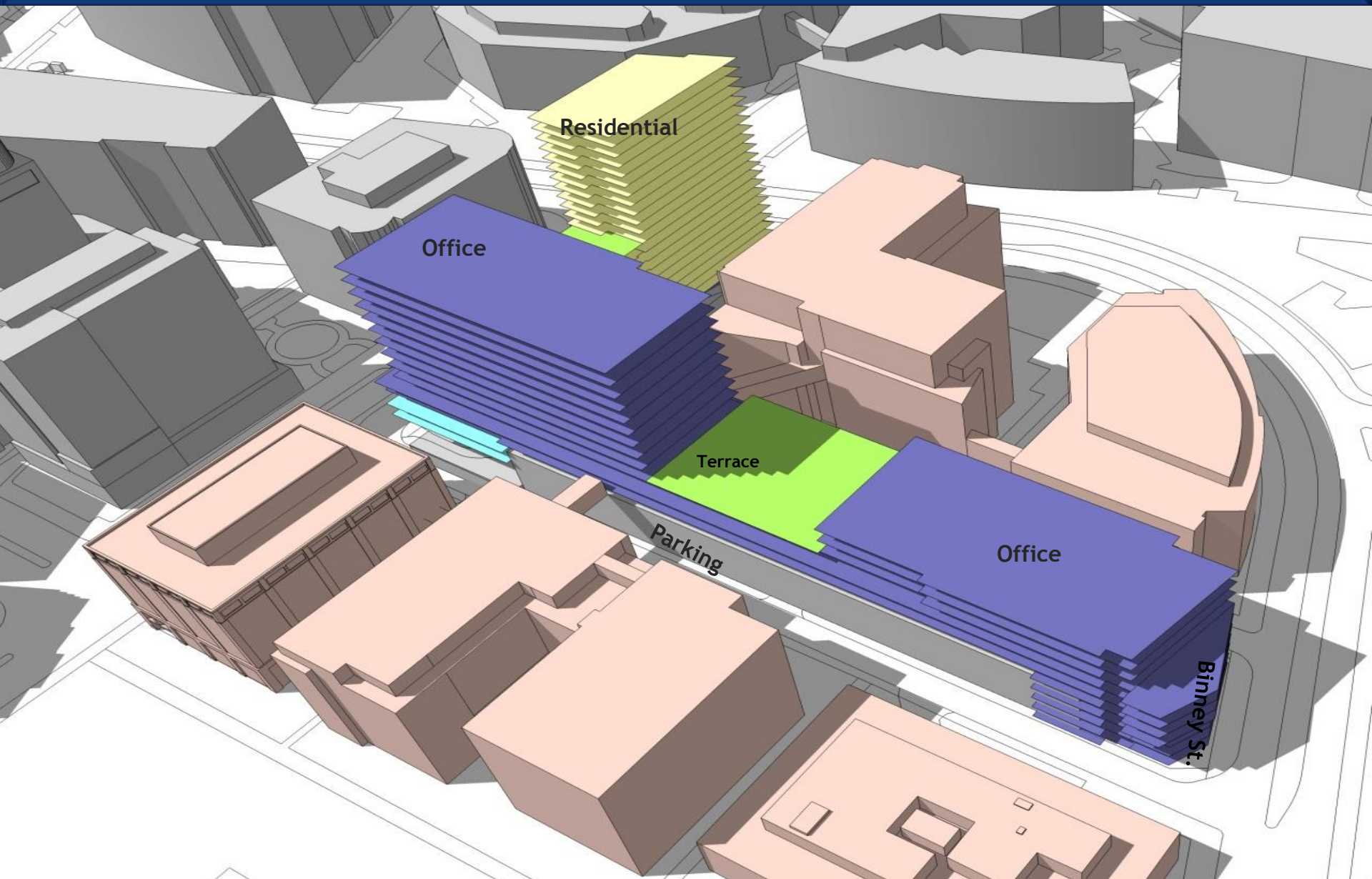
Cambridge Residential



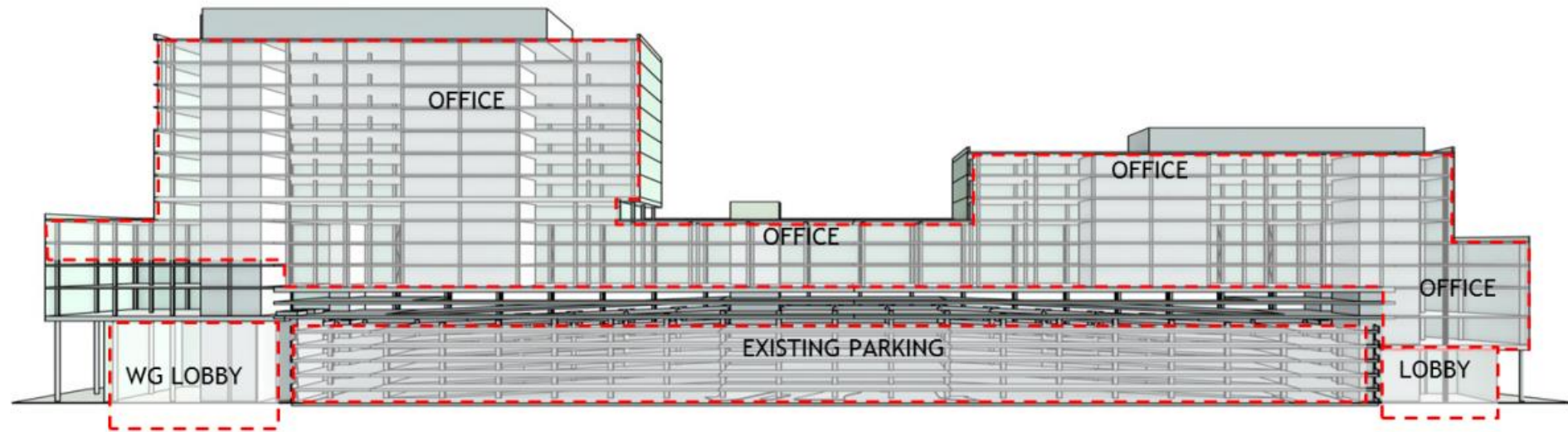
Potential Future Development



Potential Future Development



Potential Future Development



Questions?



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New York Region

John Powers – Regional Manager



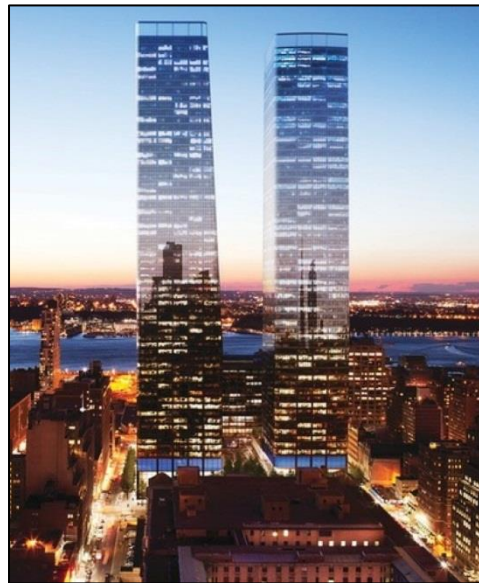
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New York Office Development Pipeline

	Downtown	Midtown South	Midtown
Planned	2.8MM SF	560,000 SF	10.8MM SF
Under Construction	5.5MM SF	237,500 SF	2.2MM SF
Completed	2.3MM SF	389,800 SF	1.3MM SF
Total	10.6MM SF	1.19MM SF	14.3MM SF



Hudson Yards



Manhattan West



World Trade Center

New York Office Development



55 West 46th Street
300,000 SF
7% Leased



250 West 55th Street
989,000 SF
77% Leased



4 World Trade Center
2,300,000 SF
67% Leased



1 World Trade Center
3,000,000 SF
56% Leased



7 Bryant Park
470,000 SF
0% Pre-Leased



**10 Hudson Yards
South Tower**
1,700,000 SF
77% Pre-Leased



**30 Hudson Yards
North Tower**
2,600,000 SF
40% Pre-Leased



51 Astor Place
390,000 SF
75% Leased

Boston Properties – New York



BXP New York Development/Repositioning Activity

- 250 West 55th Street
- 767 Fifth Avenue Retail (GM Building)
- 601 Lexington Avenue Atrium



250 West 55th Street



- 1mm Rentable Square Feet
 - 884,000 SF Above-Grade
 - 78,000 SF in Two Floors Below-Grade
 - 24,500 SF Ground Floor Retail
- 38-Stories
- Certified LEED-CS Gold by USGBC
- 24,000 SF Column-Free Floor Plates
- 10'-0" Finished Ceiling with 8'-0" of Vision Glass Above a 2'-0" Sill
- Completed September 2013
- 77% Leased



2nd Floor

- Special-Use Floor Featuring 49,000 SF
- Side-Core Configuration
- 25'-0" Slab-to-Slab Height



3rd Floor

- Private Outdoor Terrace for 3rd Floor Tenant
- Kaye Scholer Cafeteria

250 West 55th Street

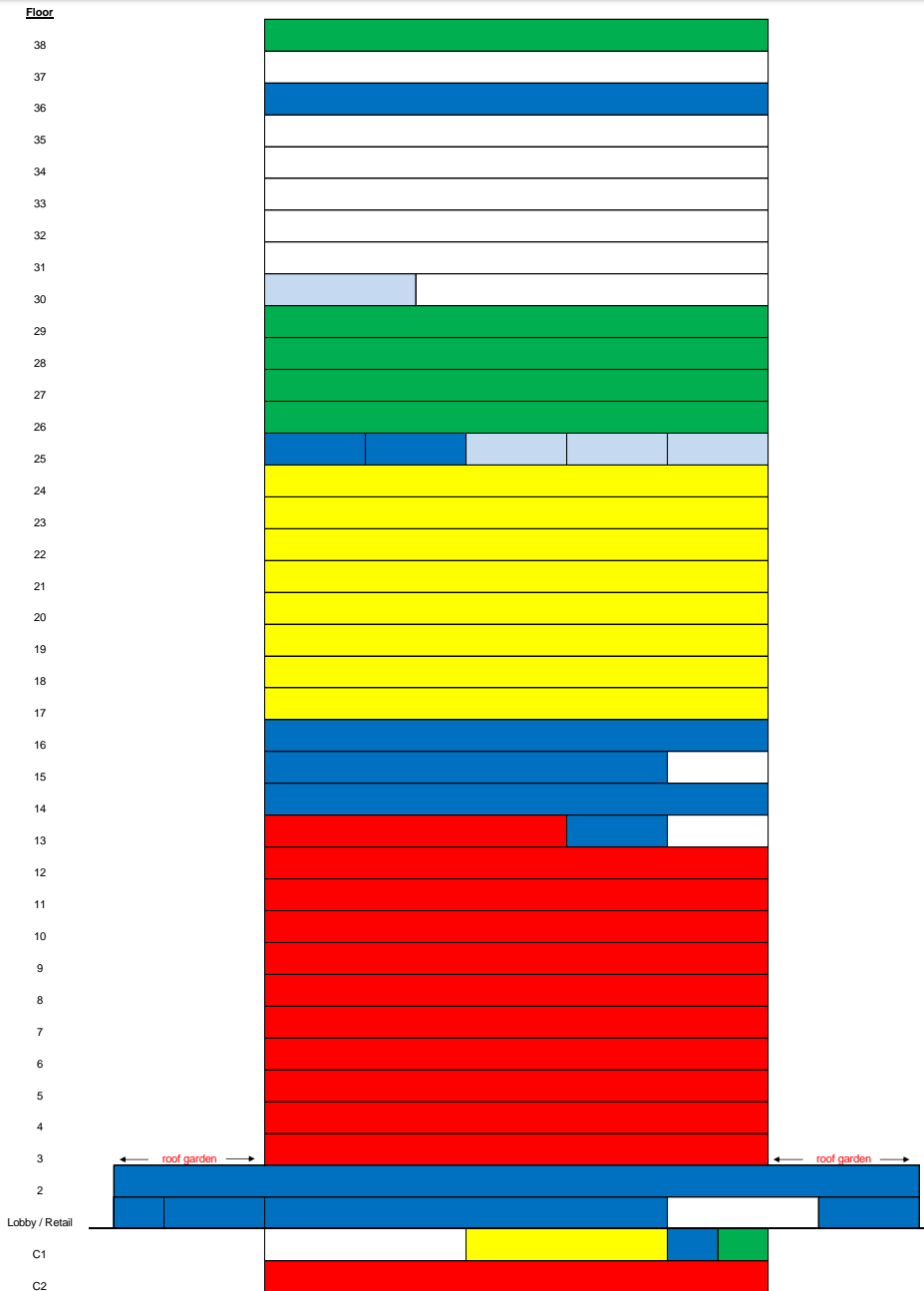


250 West 55th Street

Mid-Rise Office Test Fit



250 West 55th Street



- 77% Leased

- Morrison & Foerster: 208,000 SF
- Kaye Scholer: 260,000 SF
- Soros Fund Management: 119,000 SF
- Other Tenants: 184,000 SF
- Out to Lease: 13,500 SF

- Pre-Built Units on Floors 15, 16, and 25

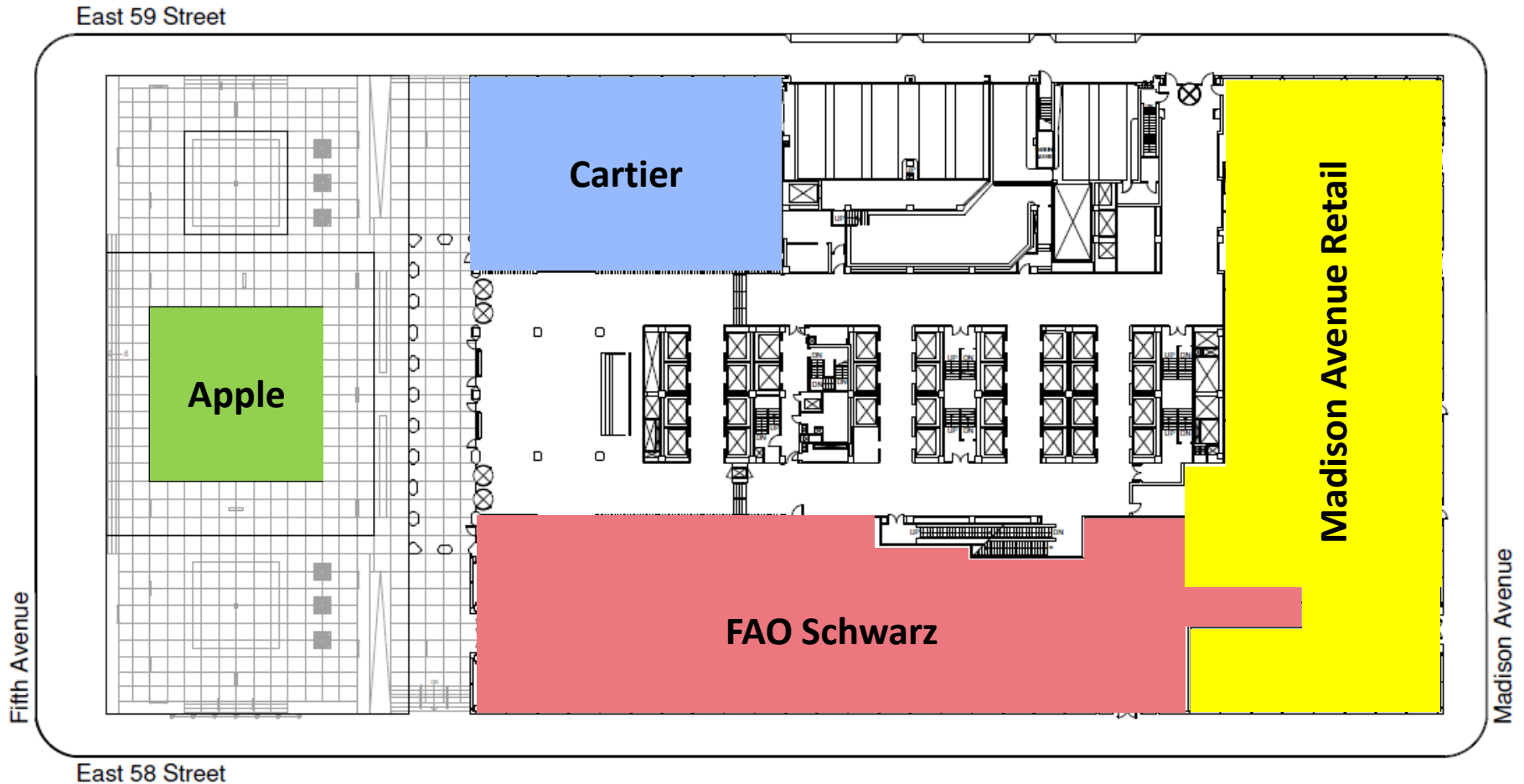
767 Fifth Avenue (GM Building)



767 Fifth Avenue (GM Building)



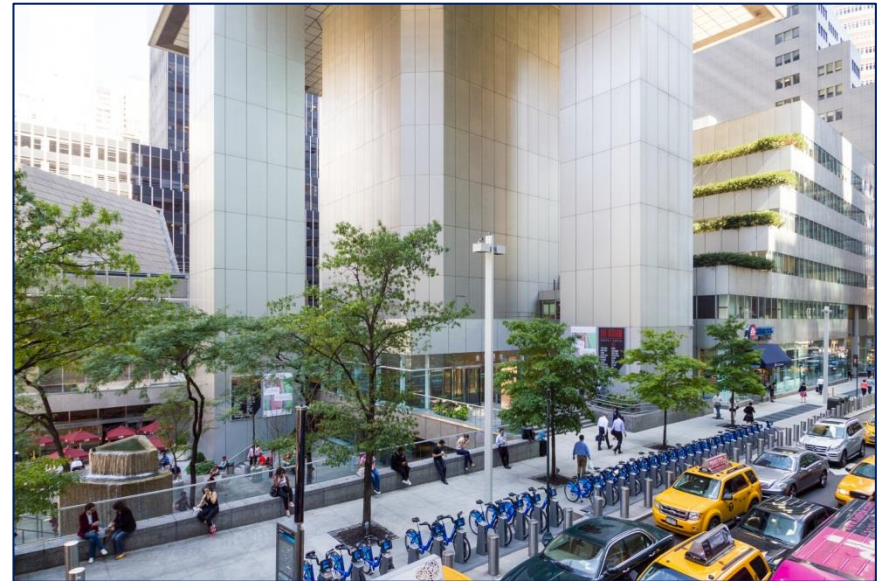
767 Fifth Avenue – Ground Floor Plan (100,000 SF Retail)



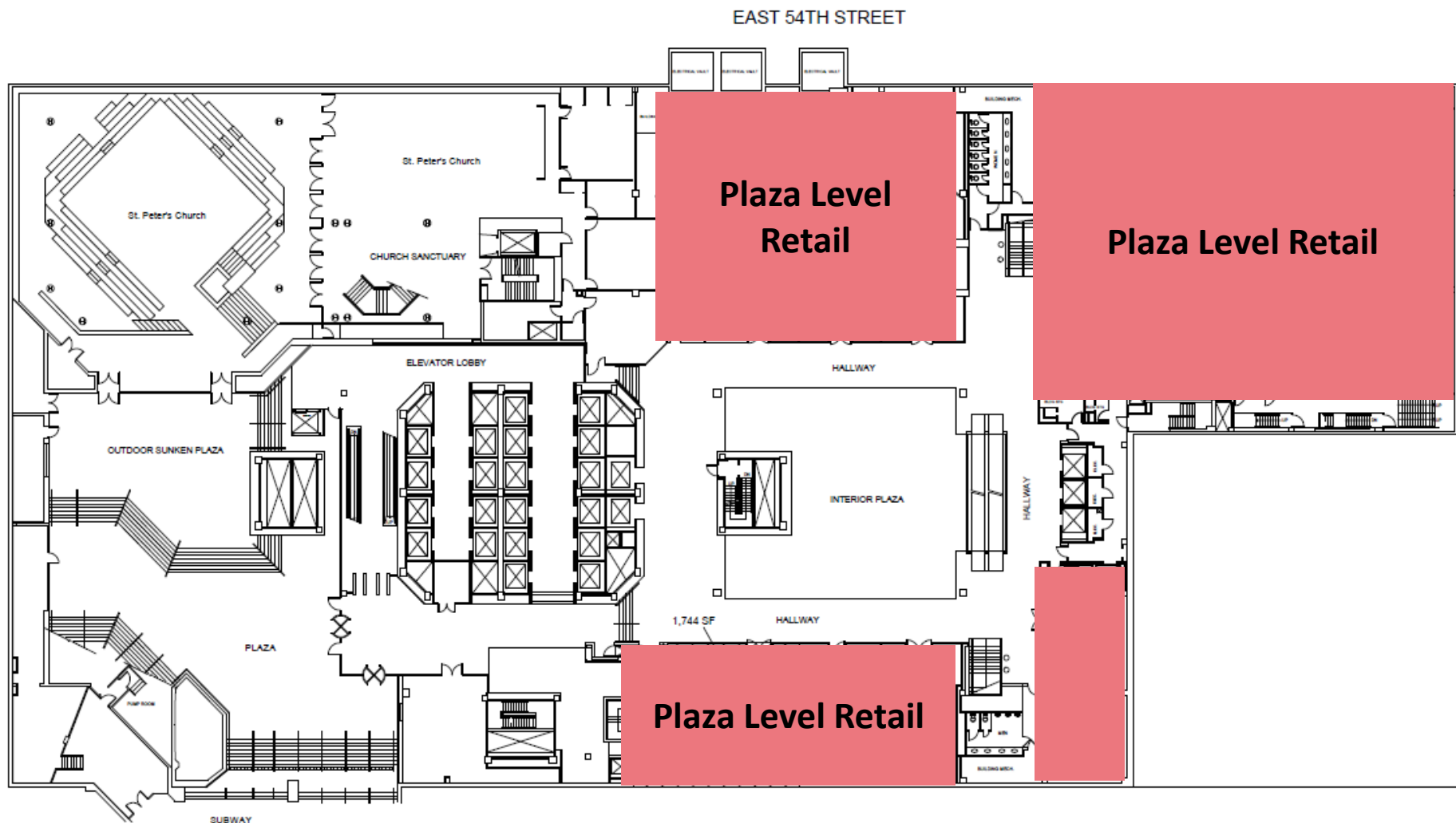
767 Fifth Avenue (GM Building)



601 Lexington Avenue



601 Lexington Avenue (92,470 SF Retail)



San Francisco Region

Bob Pester – Regional Manager



Premier Properties. Core Markets. Experienced Leadership.

San Francisco New Office Development Pipeline



Recently Completed

Square Feet: 1,143,000

Leased: 1,143,000

Under Construction

Square Feet: 4,628,050

Leased: 2,675,000

Approved

Square Feet: 1,636,654

Planned and Proposed

Square Feet: 12,421,329

San Francisco New Office Development Pipeline

BXP Project



**345 Brannan
Street**

110,000 SF

100%
Leased



**333 Brannan
Street**

182,000 SF

100%
Leased



**Foundry
Square III**

279,000 SF

100%
Leased



**535 Mission
Street**

307,000 SF

34%
Leased



One Tenth Street

338,000 SF

100%
Leased

San Francisco New Office Development Pipeline

BXP Project

BXP Project



**181 Fremont
Street**

**350 Mission
Street**

**222 Second
Street**

**680 Folsom/
50 Hawthorne
Street**

**Salesforce
Tower**

420,000 SF

444,000 SF

450,000 SF

524,500 SF

1,400,000 SF

0%
Leased

100%
Leased

100%
Leased

100%
Leased

51%
Leased

Recent Land Sale Transactions



- **Salesforce Tower Parcel**
Sale Date: March 2013
Sale Price: \$192,000,000
Price PSF: \$137
- **Transbay Block 5**
Sale Date: September 2014
Sale Price: \$163,300,000
Price PSF: \$250
- **Mission Bay Blocks 26/27**
Sale Date: August 2014
Sale Price: \$116,000,000
Price PSF: \$275

Prop M Office Development Annual Limit



Prop M Breakdown	Square Feet
Current Availability	2,050,000
Pending Approval	1,910,000
Pre-Application Projects	9,085,000
Availability if All Approved	(8,945,000)

**875,000 SF Annual
Limit on Office
Development**

Unallocated Carried Over
to Subsequent Years

Boston Properties – San Francisco



BXP San Francisco Development Pipeline

Project	Square Feet	PSF	% Leased	Initial Occupancy
680 Folsom Street & 50 Hawthorne Street	524,500	\$648	98%	Q2 2014
690 Folsom Street	25,700	\$695	0%	Q1 2015
535 Mission Street	307,000	\$700	34%	Q4 2014
Salesforce Tower	1.4MM	\$807	51%	Q2 2017



SALESFORCE TOWER VIDEO



Salesforce Tower



- 1,070 Feet Tall
- Tallest Building West of Chicago
- 61 Stories/1.4mm SF
- 13 Foot Tall Ceilings
- 25,000 SF Column-Free Floor Plates
- \$1.1B Development Budget (\$807/SF)
- Pre-Certified LEED Platinum (100% Outdoor Air)
- Base, Core and Shell Completion January 2017
- Salesforce.com Lease

Salesforce Tower



535 MISSION STREET VIDEO

535 Mission Street



- 27 Stories/307,000 SF
- 11-Foot Unfinished Ceilings
- 13,500 SF Column-Free Floor Plates
- \$215mm Development Budget (\$700/SF)
- Pre-Certified LEED Gold (Targeting Platinum)
- Base, Core and Shell Completion October 2014
- Trulia Lease

535 Mission Street



680 Folsom Street/50 Hawthorne Street



- 14 Stories/ 524,500 SF
- \$340mm Development Budget
- New Exterior Skin, Seismic Core, MEPS and Elevators
- Substantial Completion December 2013
- Leases: Macy's.com, Riverbed Technologies & AthenaHealth

690 Folsom Street

- \$17.9mm Development Budget
- 25,700 SF Mixed-Use Renovation
- 2nd Floor Office Spec Space Currently Under Construction (14,400 SF)
- Core and Shell Completion November 2014
- Custom Metal Façade Cladding with Exposed Stainless Steel Columns



San Jose – North First



San Jose – North First

- North San Jose Mixed-Use TOD Neighborhood
- Access to Regional Freeways & Public Transit
- 1.3mm SF Office
- 93,000 SF Retail
- 4,500 Parking Stalls
- Entitlements Anticipated Q4 2014



Washington, DC Region

Peter Johnston – Regional Manager



Premier Properties. Core Markets. Experienced Leadership.

Reston Town Center Today

- **Population: 60,000**
- **Major Employment Center: 19mm SF Office Space**
- **World-Class Live/Work/Play Environment**
 - Delegations Visit from All Over the World
- **Urban Land Institute “Award of Excellence for Urban Design”**
 - Recognition Unsurpassed by Any Other Development in Northern Virginia
- **World-Class Pedestrian-First Design**
 - Streets/Sidewalks, Parks, Squares, Fountains, Public Art and Public Spaces



Reston Town Center Urban Core

- 2.5mm SF Office
- 514 Hotel Rooms
- 32,000 SF Meeting Space
- 1,717 Residential Units
- 430,000 SF Retail



The Avant – Residential Mixed-Use



- Delivered 4Q 2013
- 355,000 SF
 - 359 Luxury Rental Units
 - 26,200 SF Retail
 - 770 Parking Spaces
- Retail 100% Leased
- Residential 65.45% Leased



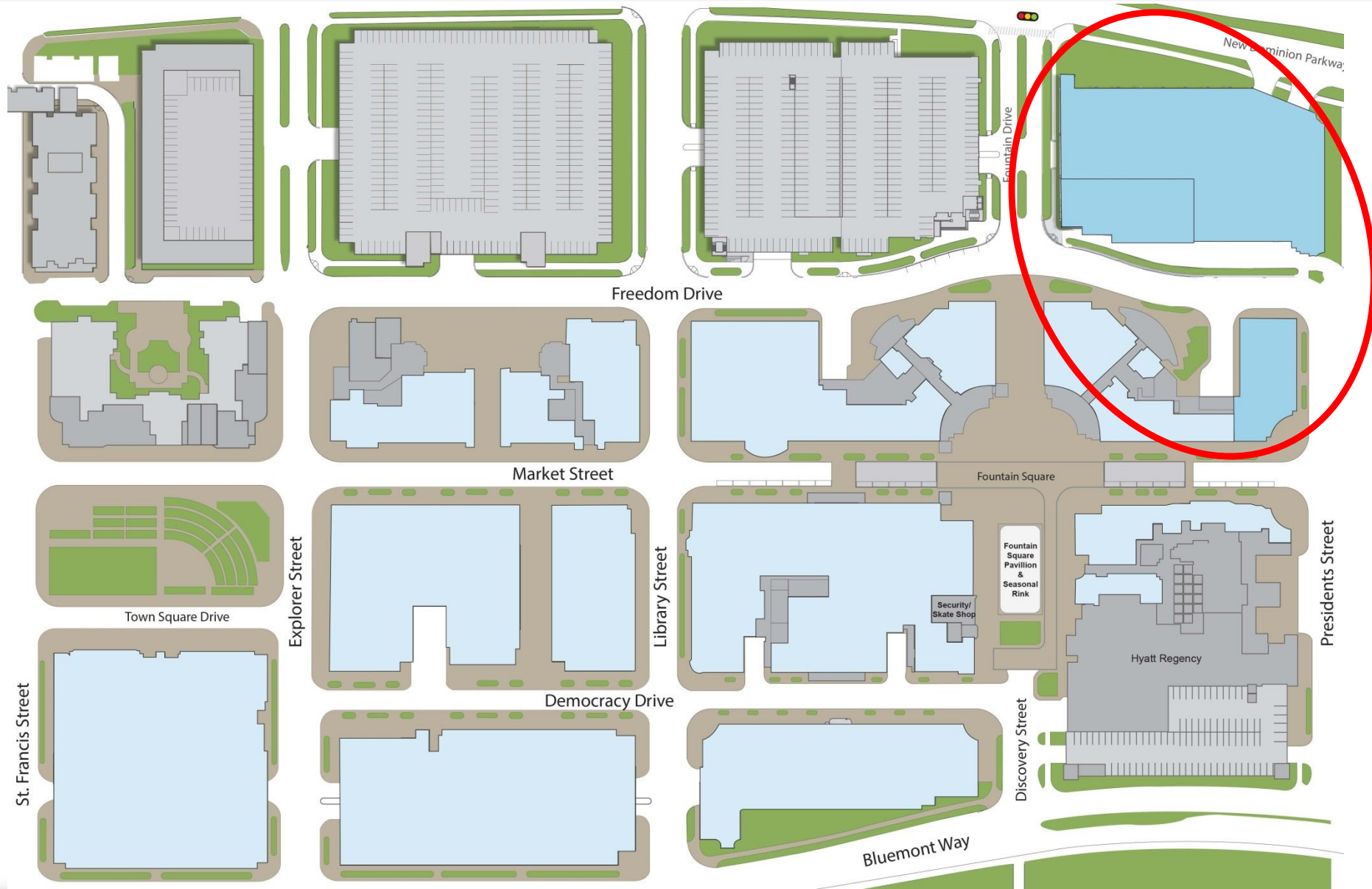
The Avant – Residential Mixed-Use



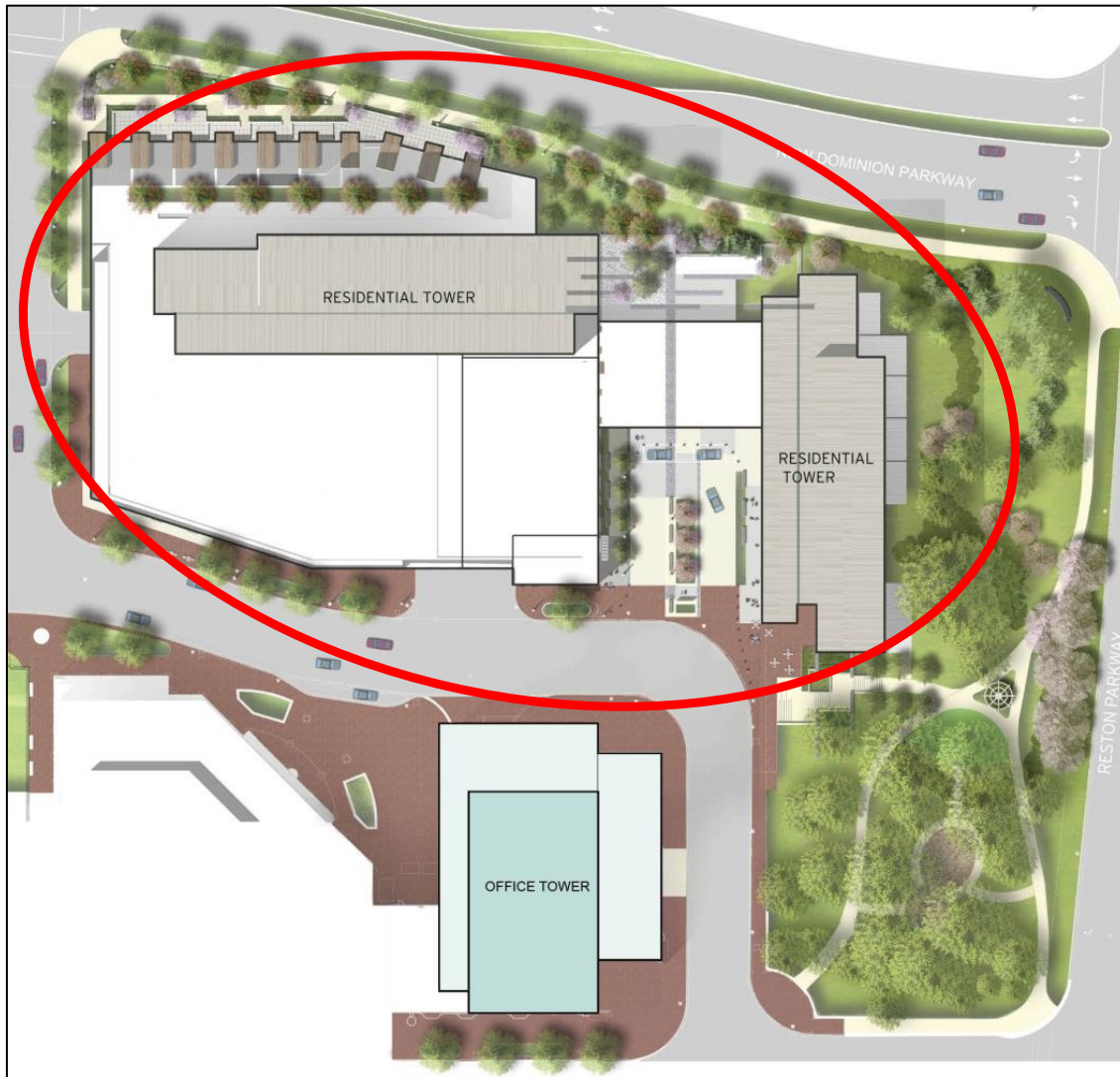
- Broad Amenity Set
- 6-Month Average Move-In of 29.6 Units Per Month
- On Track for Stabilization by March 1st, 2015



Signature Site Location



Residential Site Plan



- Two Residential Buildings, 21 and 19-Stories Respectively
- 505 Residential Units
- 25,000 SF Retail
- 1,230 Space Parking Garage



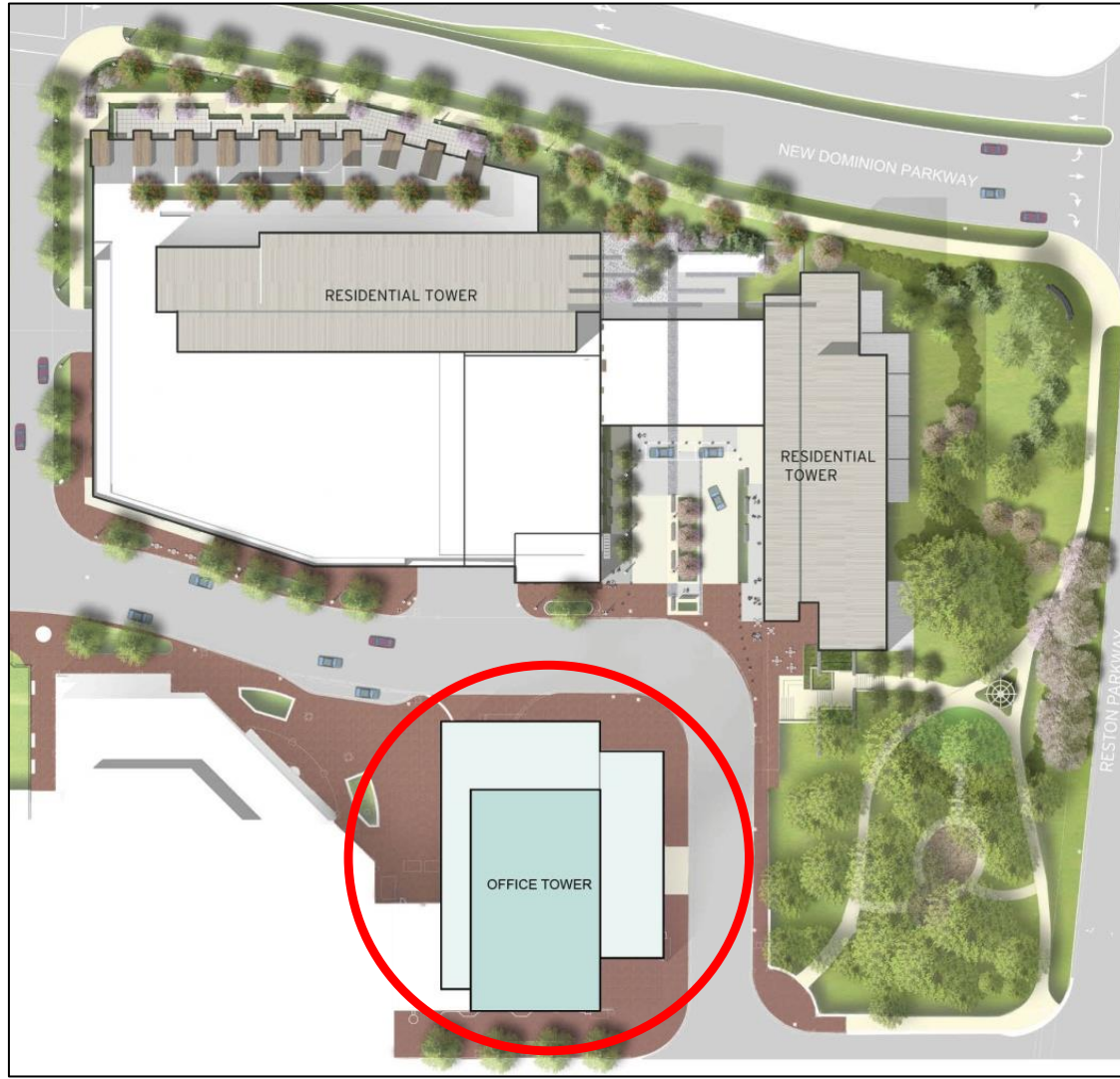
Signature Site



Retail Level



Office Site Plan

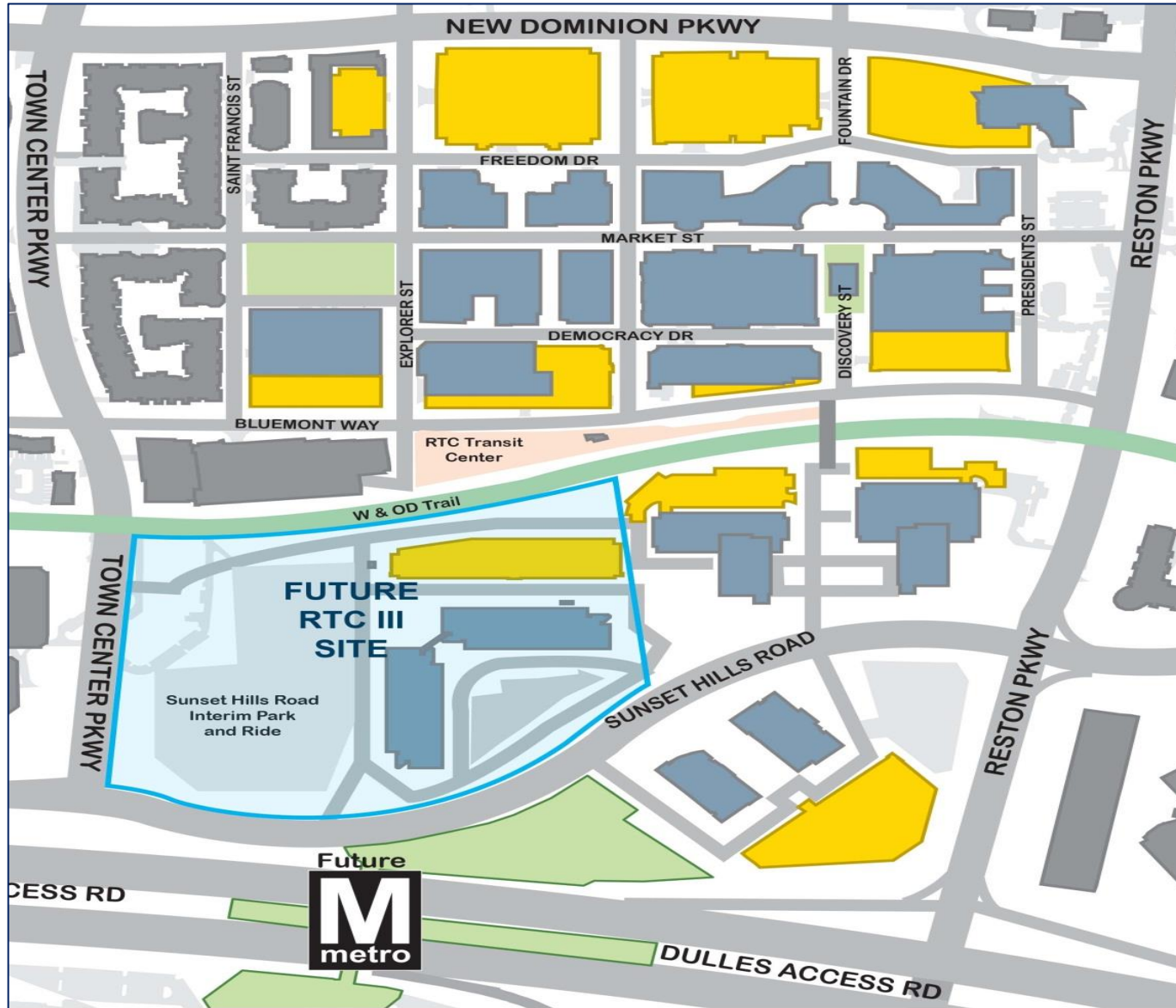


- Redevelopment of One Fountain Square Annex
- One 17-Story Office Tower (284,000 Total GSF) with Ground-Level Retail
- 221 Below-Grade Parking Spaces

Office Building



Reston Urban Core – With Future RTC III Site



Tenants – Partial Listing

Technology

- Microsoft
- Apple
- Google
- Oracle
- McAfee
- Comcast
- comScore
- Huawei
- Metron
- International Launch Services
- Novetta Solutions
- Appian Corporation
- Hitachi Data Systems

Law Firms

- Cooley
- DLA Piper
- Finnegan Henderson

Financial

- Over 20 Including Full Range of Services - Banking, VC, M&A

Defense

- L3
- Scitor
- Serco
- STG
- Rolls-Royce (Aerospace)
- AECOM
- Northrop Grumman



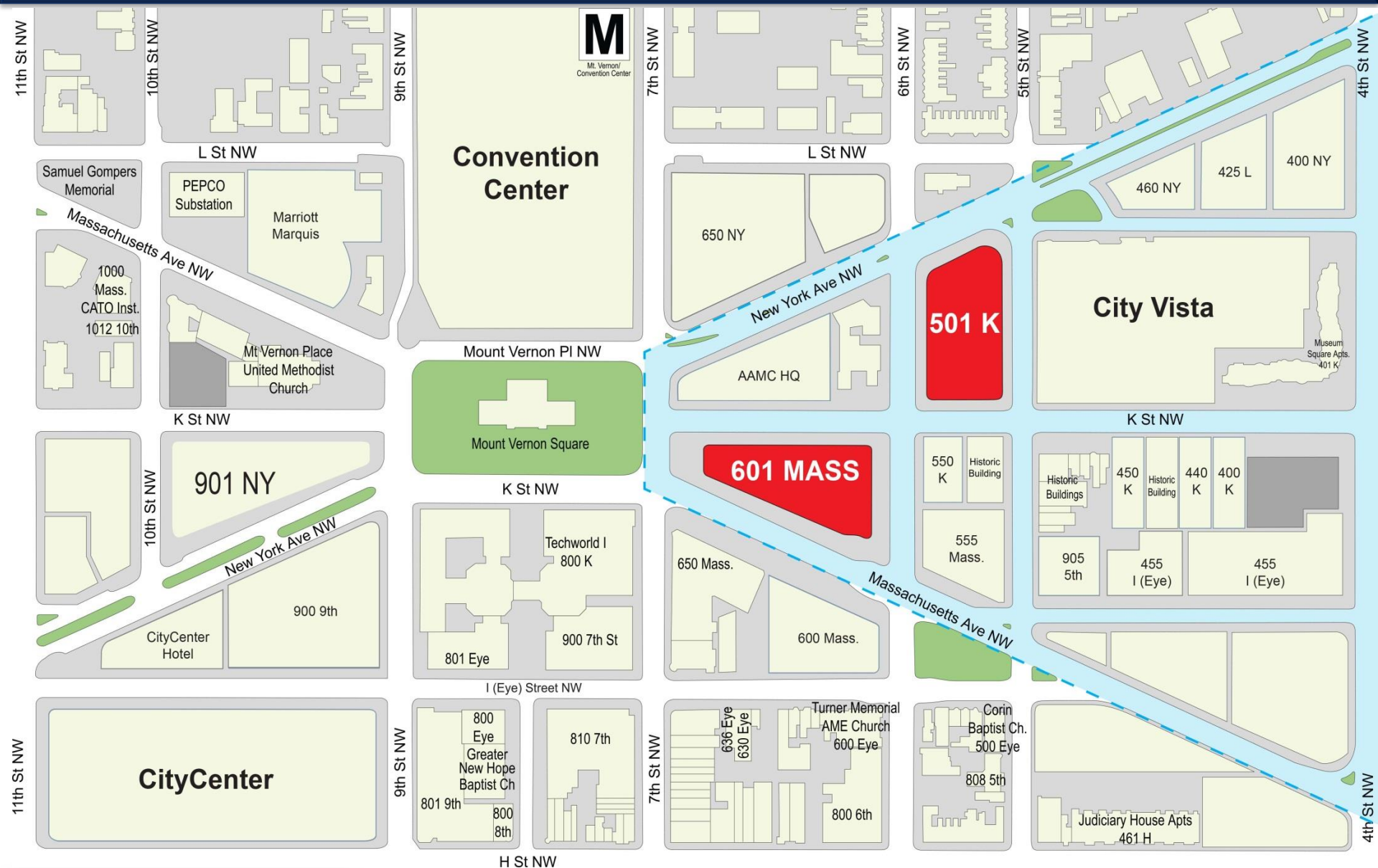
RTC III Building Massing



Washington, DC



Mount Vernon Triangle



Corporate / Law Firm Relocations

**McKissack &
McKissack**

Microsoft

Baker Donelson

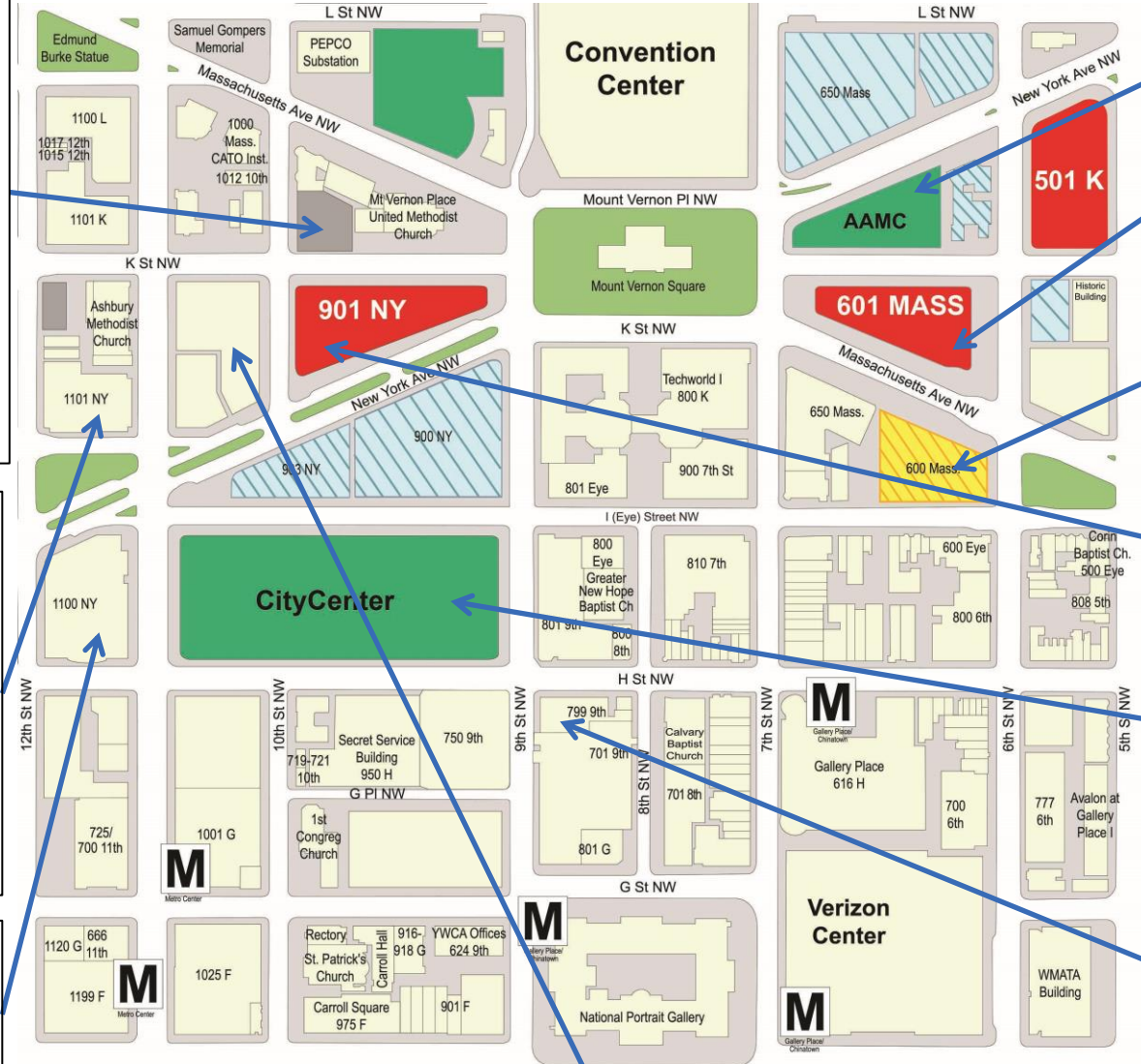
**Schiff Hardin
LLP**

**Ernst & Young
National Retail
Federation**

Sifma

Allen & Overy

**Sterne, Kessler,
Goldstein, &
Fox**



AAMC

**Arnold &
Porter LLP**

Venable

**Goodwin
Procter**

**Covington &
Burling LLP**

**Norton Rose
Fulbright**

**Nixon
Peabody LLP**

FaegreBD Consulting



601 Massachusetts Avenue – Project Information

- Boston Properties Purchased Site in 2008 (*Former Headquarters of National Public Radio*)
- Project Size: 460,000 SF Office (11-Stories)
18,000 SF Retail
- Projected Delivery Date: October 2015
- Parking: 5 level Below-Grade Garage (1:1,500 SF)
- Building Amenities: 24-Hour Security, Fitness Center, Rooftop Deck, Ground-Level Retail
- Pre-Certified LEED Gold Office Building

Street Level View – Looking Northeast



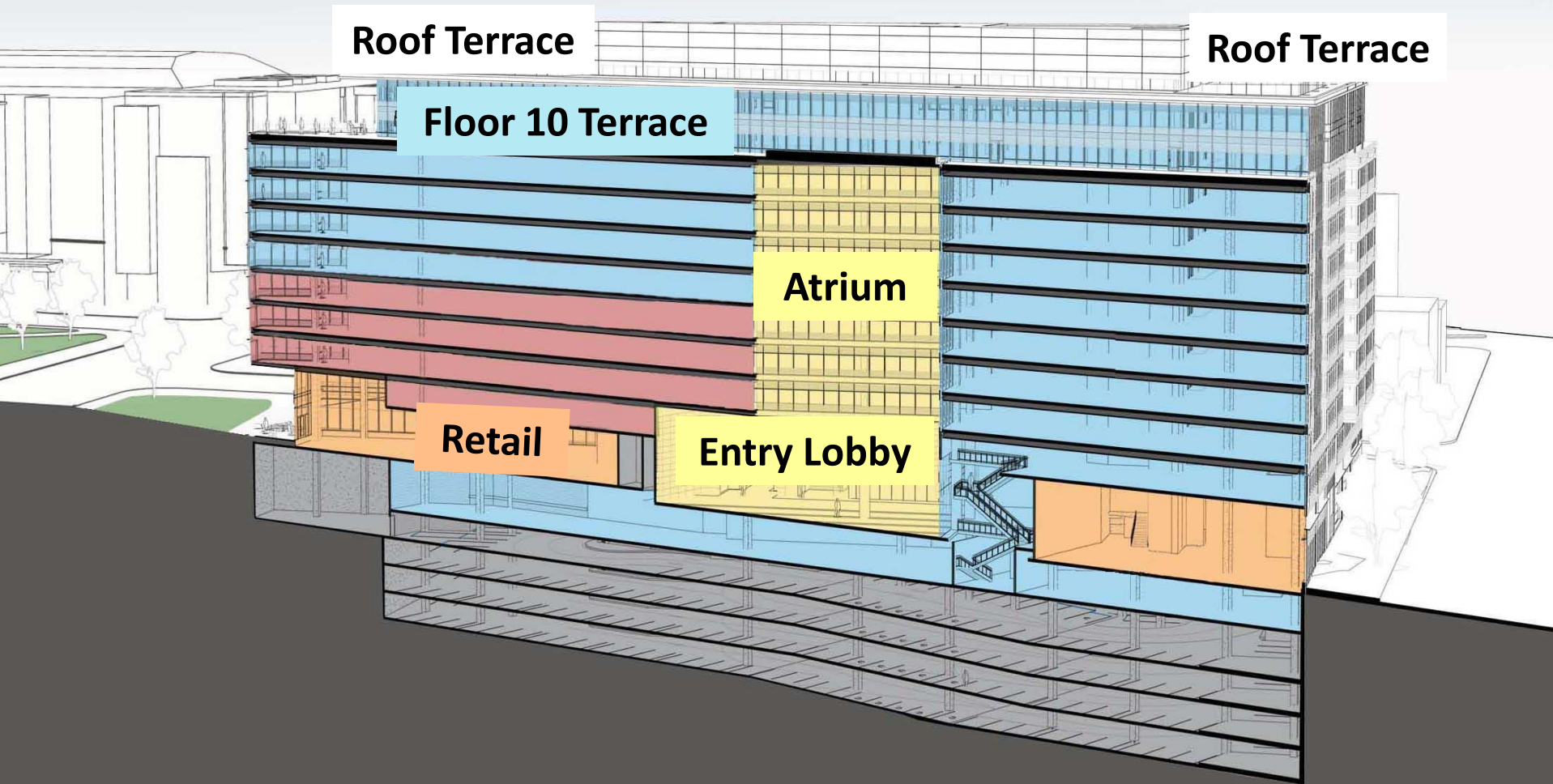
Street Level View – Looking Northwest



Lobby View – East Perspective



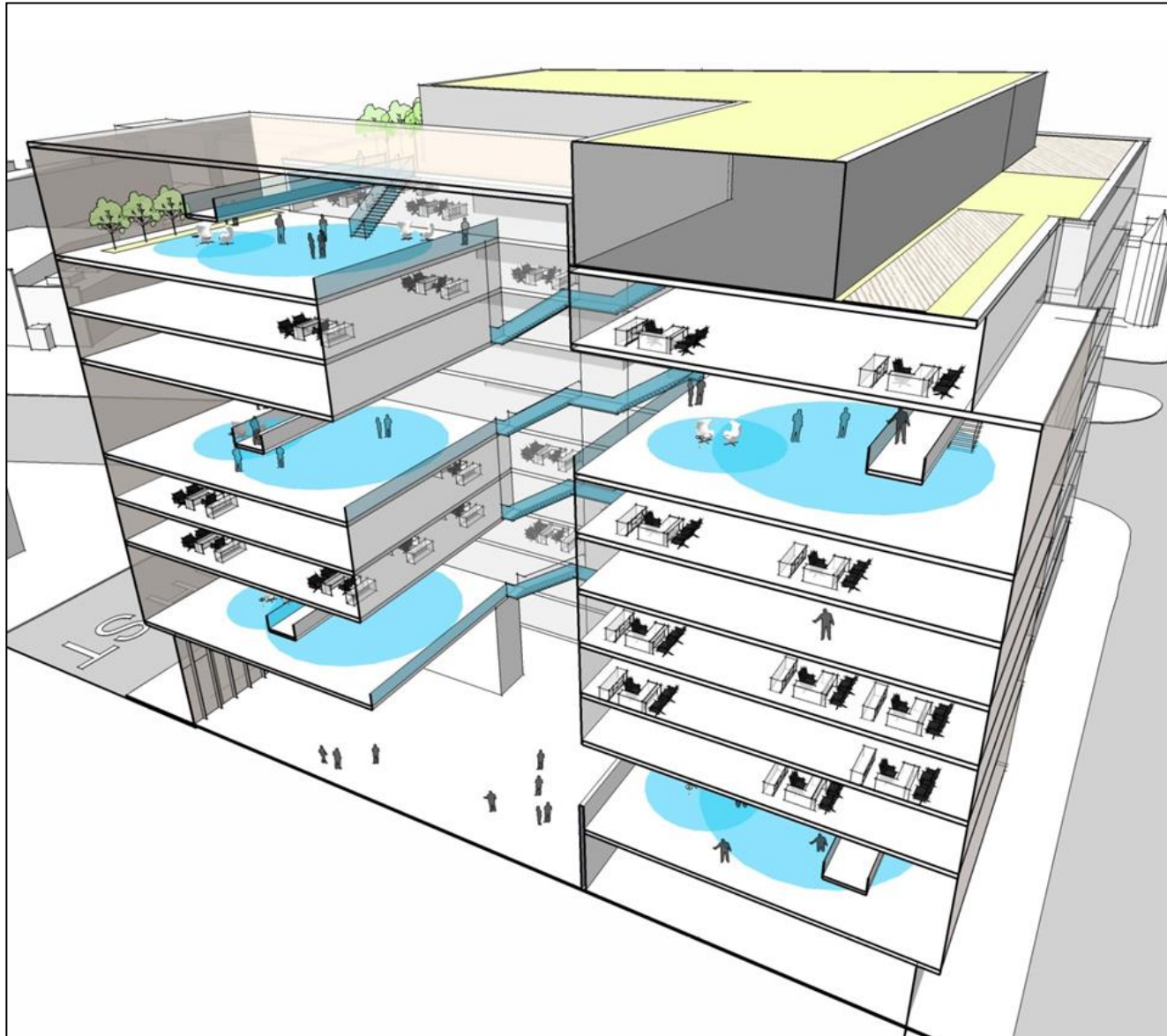
Section Perspective



501 K Street – Project Information

- Project Size: 520,000 SF Office & Retail (11-Stories)
56,000 SF Full-Block Site
- Projected Delivery Date: 2017 (Leasing Dependent)
- 11-Story Atrium
 - 5 Two-Story “Collaborative Spaces” on Floors 2, 3, 7, 9 & 11
 - Natural Light Filtered Through 12 Hours per Day
- One Block North & East of 601 Mass Ave
- 35% Through Design Phase; Projected Finish 2Q 2015

Section Perspective – Collaborative Spaces



Southwest Perspective



K Street South Elevation



Questions?



Premier Properties. Core Markets. Experienced Leadership.

Leasing Update

Ray Ritchey – EVP, National Director
of Leasing and Development



Premier Properties. Core Markets. Experienced Leadership.

Leasing Presentation Objectives

- 🏈 Summarize the Dynamics of Today's Leasing Market
- 🏈 Present Company-Wide Strategies Created to Meet the Market
- 🏈 Discussion of Regional-Specific Application of Strategies
- 🏈 Regional Forecast of Achieving Leasing Objectives
- 🏈 Answer Questions



BXP Leasing Teams

- 🏈 Believe in Local Leasing Experts vs. Corporate Generalists
- 🏈 Four Regions: 27 Leasing Professionals: 46mm Square Feet
- 🏈 BXP Regional Leasing Leadership:
 - 🏈 Highly Experienced: Average 26 Years Experience
 - 🏈 Locally Focused
 - 🏈 Regionally Respected
 - 🏈 Street Savvy
 - 🏈 Broker Friendly: All Former Top Brokers



Regional Leasing Numbers (Square Feet)

Year	Boston	New York	San Francisco	Washington, DC	Totals
2014 (thru 6/30)	1,141,214	851,539	1,256,206	452,931	3,701,890
2013	1,470,263	1,253,763	1,100,846	1,266,790	5,091,662
2012	1,988,407	1,596,765	748,364	1,246,778	5,580,314
2011	1,384,734	1,027,333	975,548	1,705,900	5,093,515

Totals	5,984,618	4,729,400	4,080,964	4,672,399	19,467,381
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19.5mm SF / 1,183 Leases in 3.5 Years!!



Company-Wide Occupancy Levels

Year	Boston	New York	San Francisco	Washington, DC	Totals
2014 (thru 6/30)	92.6%	93.5%	87.0%	96.3%	93.0%
2013	93.9%	93.0%	89.9%	95.0%	93.4%
2012	90.5%	90.3%	90.1%	94.3%	91.4%
2011	87.1%	92.8%	87.9%	96.9%	91.3%





Boston Properties

LEASING GAME PLAN

to Meet

Changing Market Dynamics





AGGRESSIVE DEFENSE

(to retain existing tenants)

+ DYNAMIC OFFENSE

(to attract new progressive space users)

= LEASING OUTPERFORMANCE



Game Plan 1: Play Great Defense

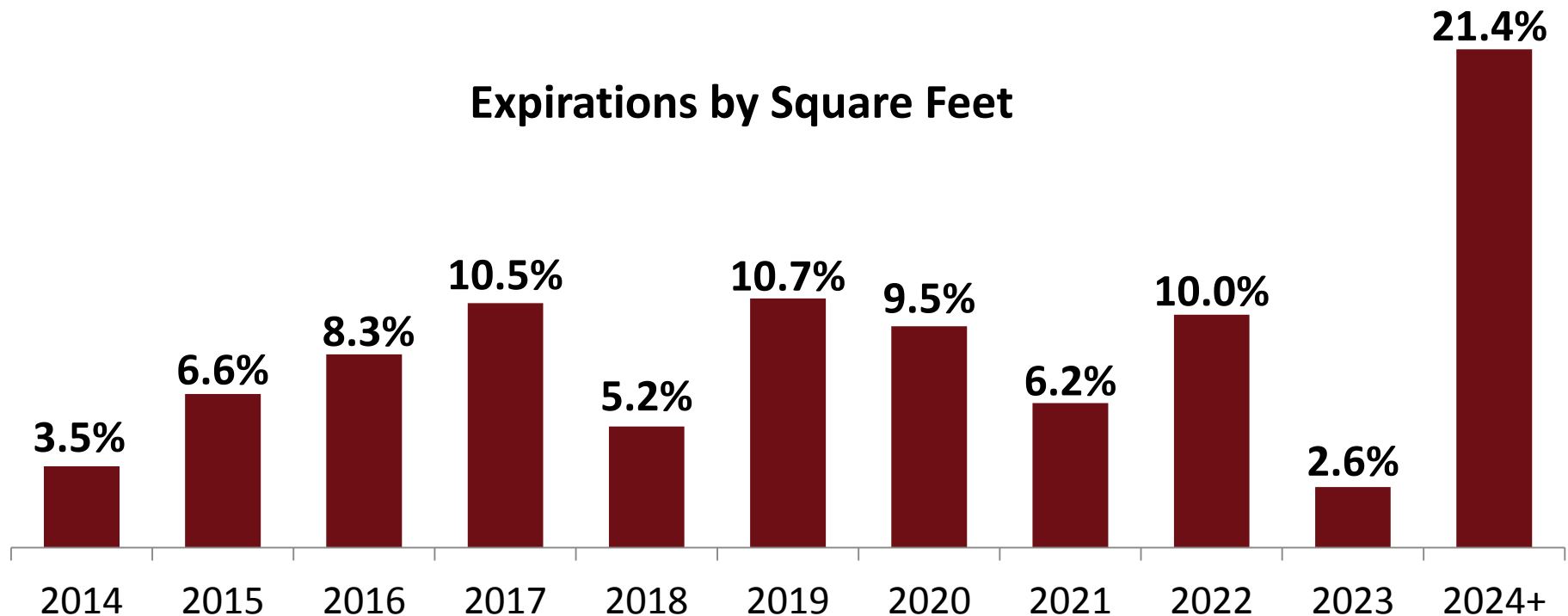
- Existing Tenants are Seeking:
 - Efficiency in Their Space Configuration
 - Opportunity to Rebrand Corporate Image
 - Relocate to Markets to Recruit and Retain Ideal Workforce
- Perception That They Need to Move to Achieve These Goals
- Tenants Under Constant Attack by Competing Landlords to “Score” with Our Tenants



Regional Leasing Expirations

- 🏈 40.7mm Square Feet of In-Service Properties
- 🏈 Weighted Average Remaining Lease Term is 6.5 Years*
- 🏈 Still Need to “Defend” 10mm Square Feet (2016-2019)

Expirations by Square Feet



As of June 30, 2014. *Based on Rental Revenue



Defense Game Plan

- 🏈 Proactively Approach Existing Tenants 3-5 Years in Advance
- 🏈 Avoid Getting “New Car Smell”
- 🏈 Highlight Unique Position to “Effect Positive Change” Immediately
- 🏈 Get Back 25,000 SF Now vs. 250,000 SF Later
- 🏈 Provide Solutions for “Swing Space Issues”
- 🏈 Initiate Base Building Upgrades/Rebranding of Space/Building
- 🏈 Implement/Expand Building Amenities/Create “Cool Space” Options



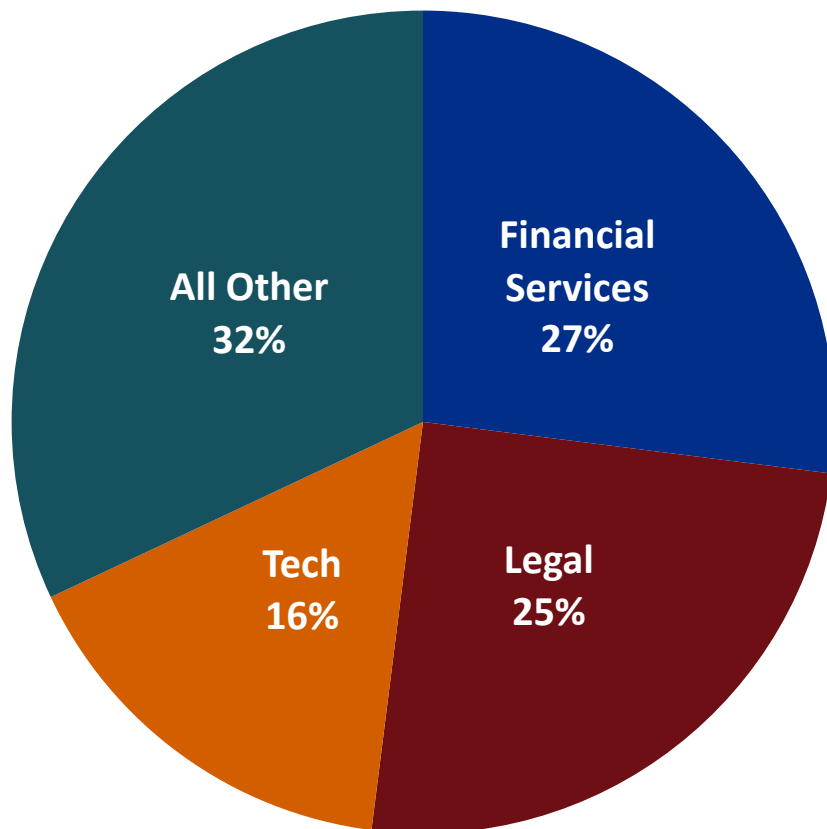
Game Plan 2: Be On “Offense” to Diversify Tenant Base

- 🏈 Attract and Retain Progressive Space Users
- 🏈 Existing BXP Tenant Base Function of “Best in Class”
Buildings in Established Financial/Legal/Business Centers
- 🏈 Critically Important to Retain that Existing Base
- 🏈 Need Strategy to “Score” Emerging Growth Tenants in
All Regions

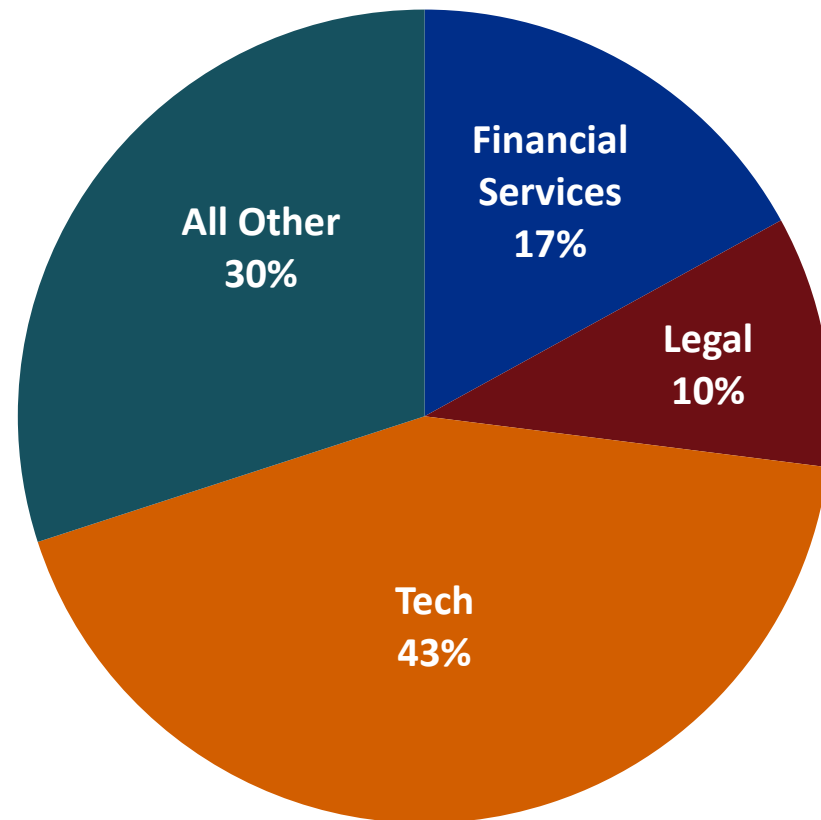


Tenant Diversification

BXP Tenant Mix



2014 YTD Gross US Leasing Activity by Industry¹



Tech is defined as Technology, Media, Life Sciences and Telecommunications

1. Source: JLL



Offense – Existing Portfolio

Rebranding of Buildings Essential to Creating Appropriate Image

680 Folsom Street



Cambridge



601 Lexington Avenue



Met. Square



*With many “Progressive
TAMI’s” existing funky
space preferable
over new “Corporate”
construction.*



Offense – New Development Opportunities

Collaborative Zones; Multi-Story Spaces; Outdoor Socializing; Efficient Floorplates



What We Find: Traditional office tenants want to be with the “Cool Kids!”



Boston



**DAVID
PROVOST
QB #12**

Height: 5'9 1/2"
Hometown: Sudbury, MA
Experience: 25 Years

QUICK STATS:

SF YTD: 1.1mm

SF 10Y: Over 15.6mm

Central 128 Office Submarket Snapshot

Central Route 128



Supply

- 🏈 Vacancy 8.7%
- 🏈 No Options for 50K SF+
- 🏈 Spec Development?



Demand

- 🏈 Strong Organic Growth
- 🏈 IPO's
- 🏈 War for Talent



Rents

- 🏈 Mid \$30s to Mid \$40s



Cambridge Office Submarket Snapshot

East Cambridge



Supply

- 🏠 Vacancy 8%
 - 🏠 Kendall Square 2.3%
 - 🏠 Lechmere 18%



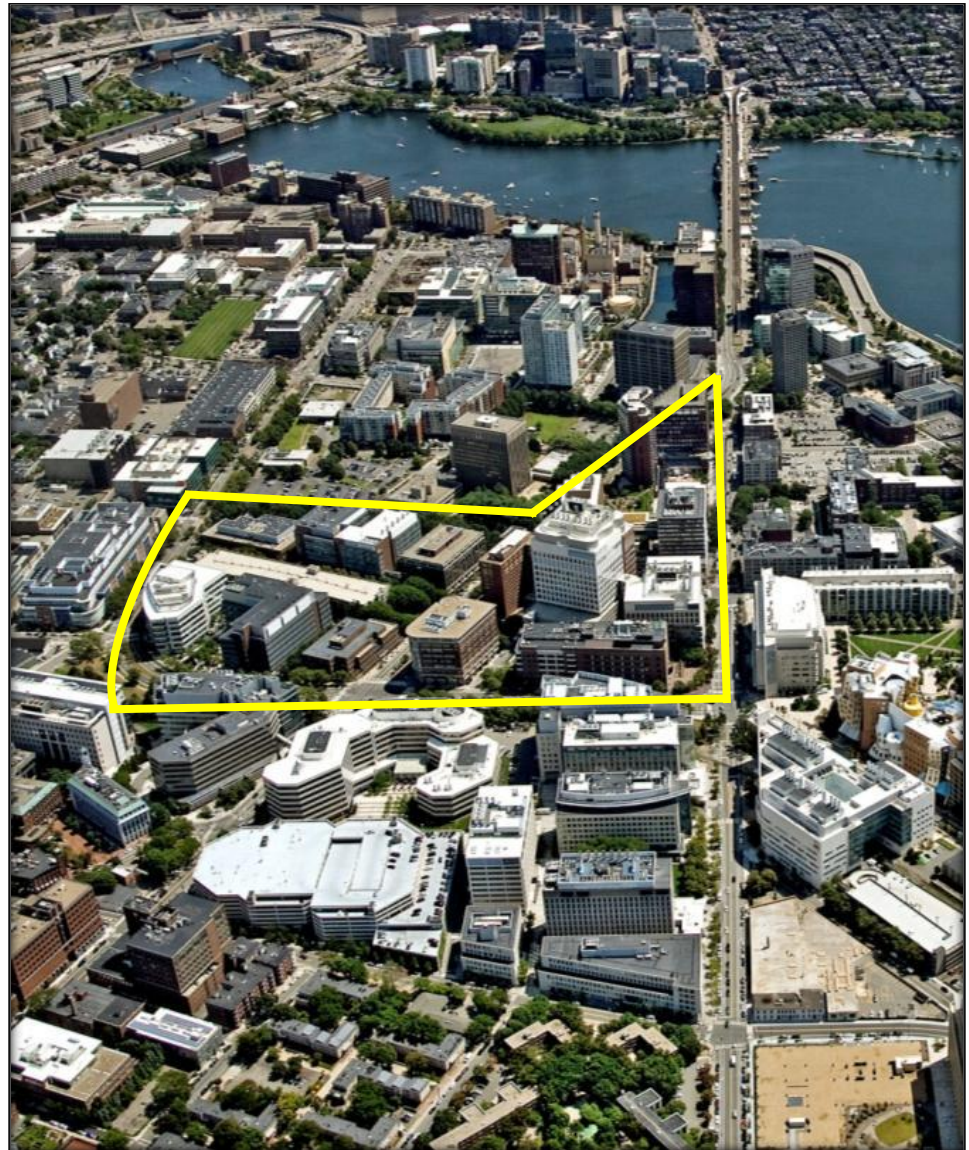
Demand

- 🏠 Strong Organic Growth
- 🏠 Tech Titans
- 🏠 Life Sciences



Rents

- 🏠 Mid \$60s to Low \$80s



Boston Office Submarket Snapshot

Boston



Supply

- 🏈 Back Bay Vacancy 6.6%
- 🏈 Financial District 11.1%
- 🏈 Seaport 8.9%



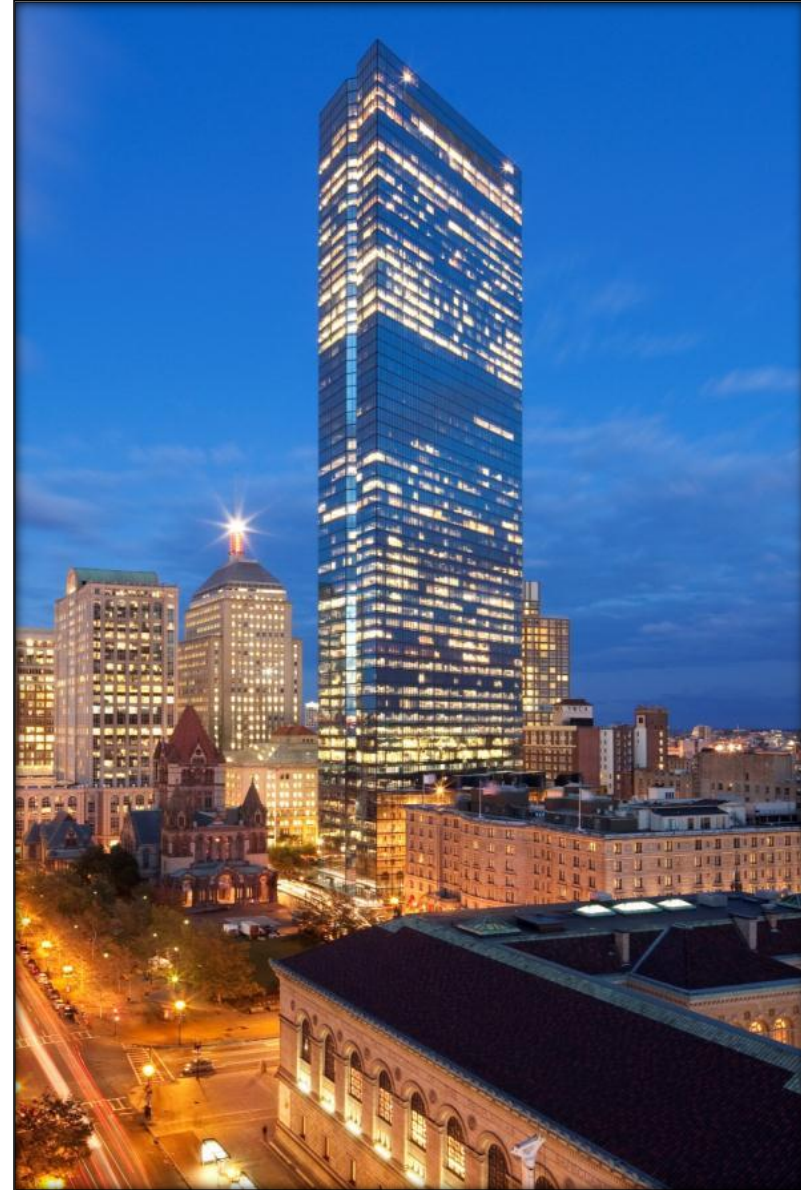
Demand

- 🏈 Lease Expiration Driven
- 🏈 Investment Management Growth
- 🏈 Continued Tech Migration



Rents

- 🏈 Back Bay - \$50s - \$80s
- 🏈 Financial District - \$40s - \$70s

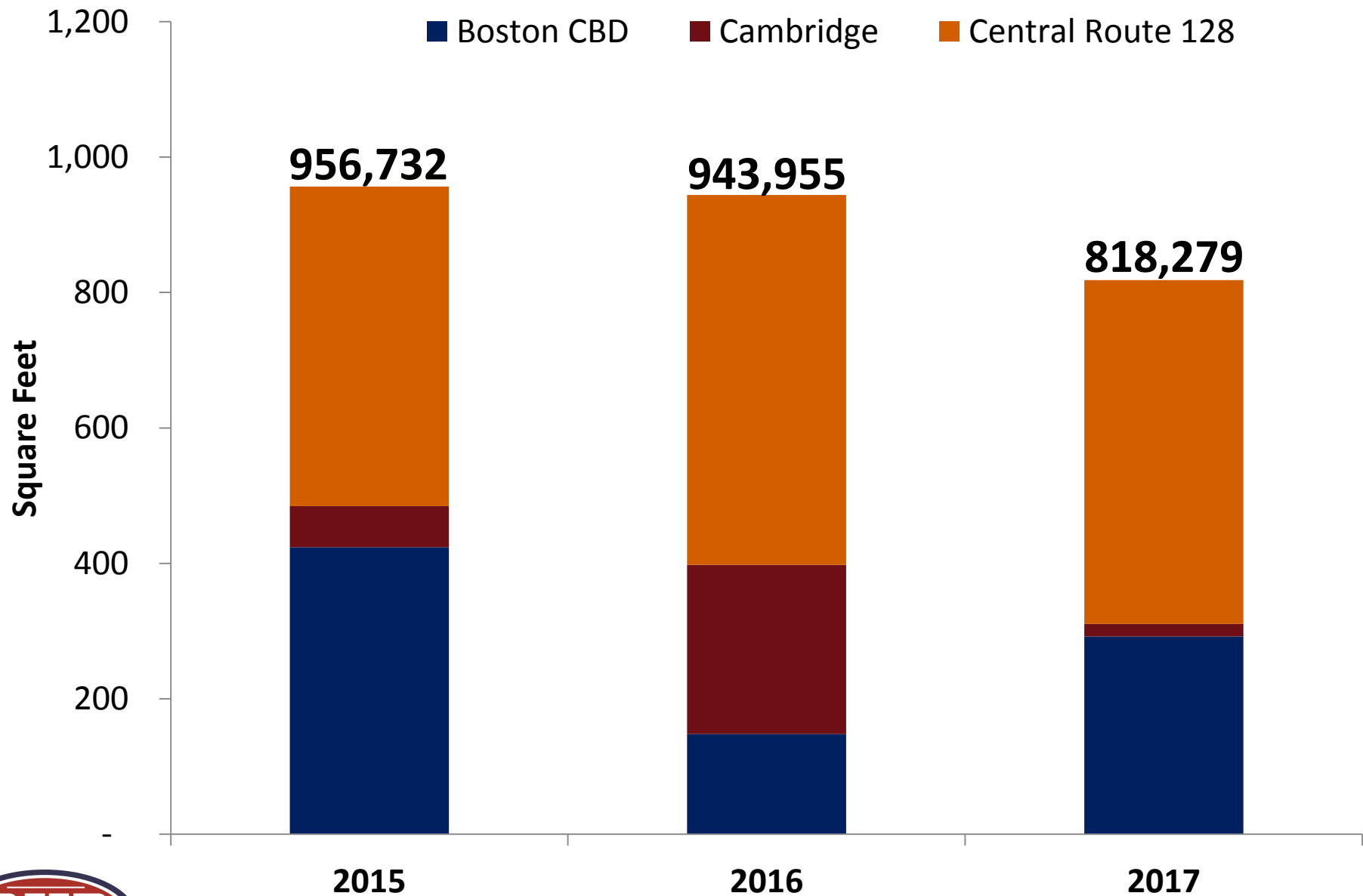


Boston Region – BXP Occupancy vs. Market

Submarket	BXP	Market
Boston	94.3%	90.7%
Cambridge	100%	92.0%
Central Route 128	89.8%	91.3%



Boston Region Lease Expiration Schedule



Boston Region – Recent Major Achievements



Over 800,000 SF of Leasing



Pre-Leasing 127,800 SF to Natixis



4 Leases Totaling Over 500,000 SF
with Google, Biogen and VMware



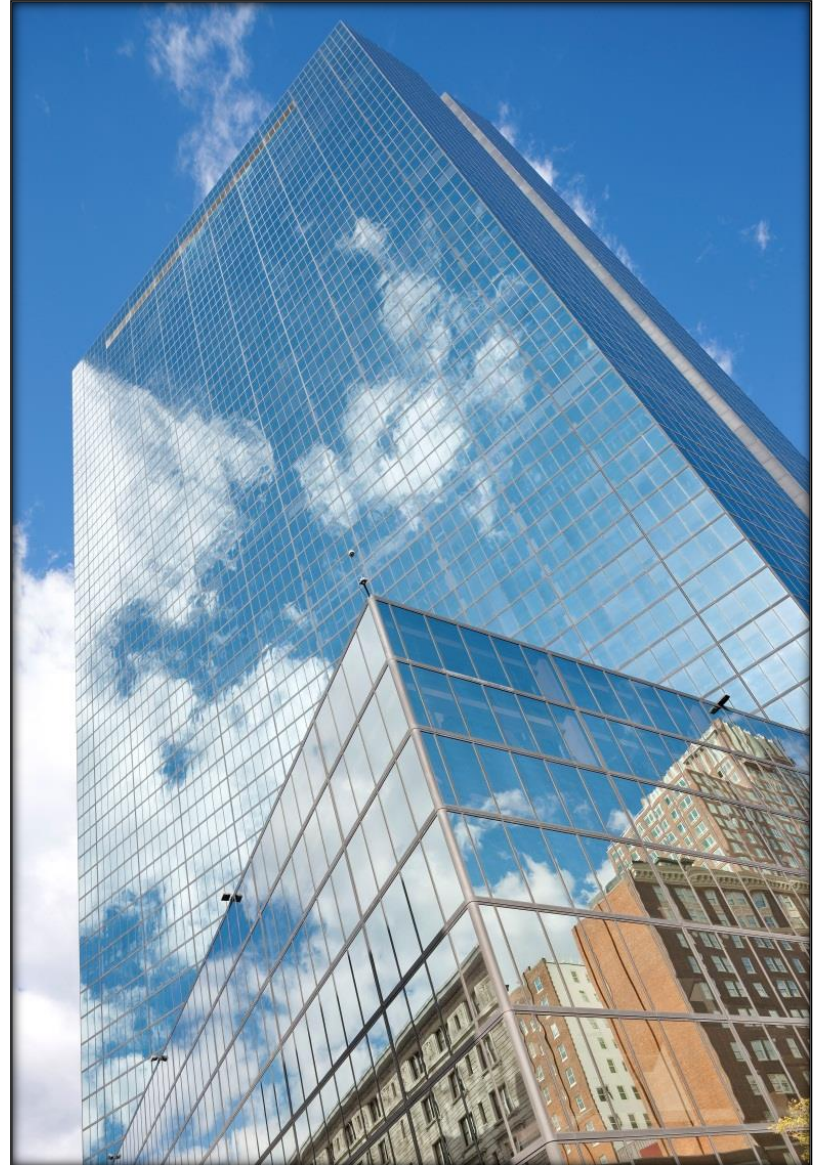
Over 400,000 SF of Leasing



Over 500,000 SF of Leasing Including
100,000 SF of Current Letters of Intent

Boston Region – Major Objectives

- 🏈 Tackle John Hancock Tower's 2015 Rollover
- 🏈 Complete Leasing at 888 Boylston
- 🏈 Game Plan for 2015 – 2017 Suburban Lease Expirations



Boston Region – Defense

Situation

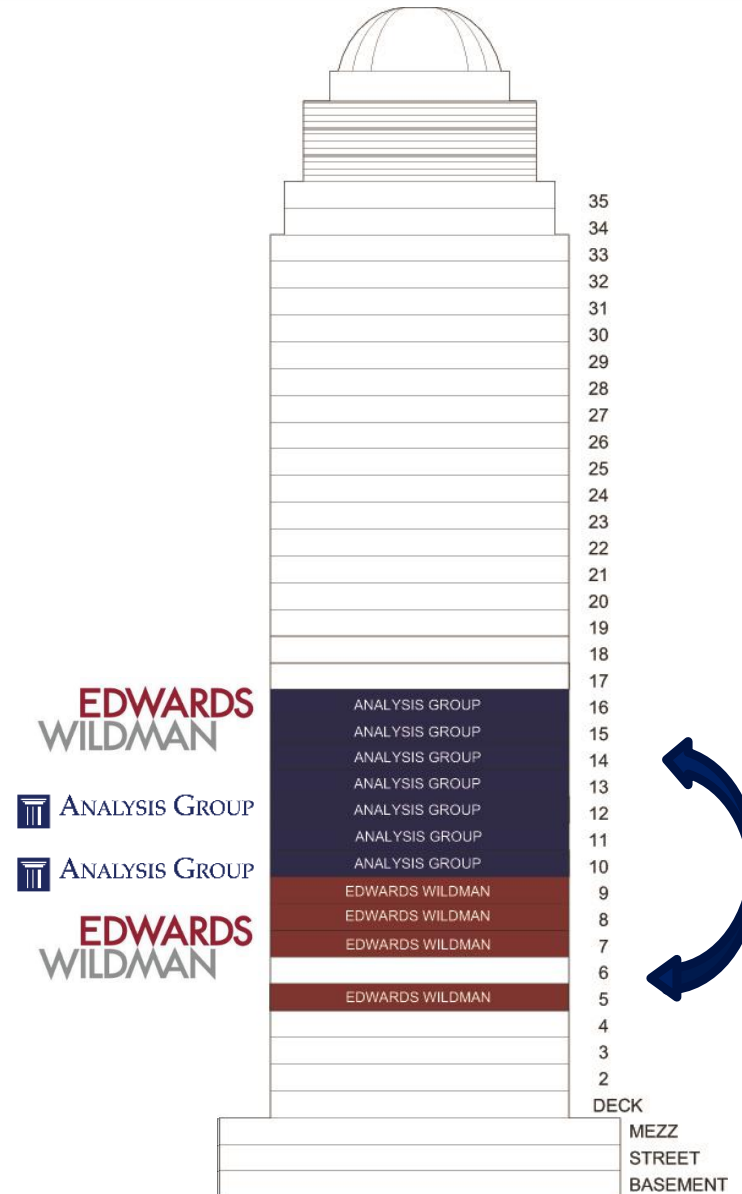
- 🏈 Analysis Group 200% Growth
- 🏈 “Free Agent” in 2017
- 🏈 Need More Space but Edwards Has Them “Covered”

Action Step

- 🏈 BXP Structures Blockbuster “Trade”

Result

- 🏈 AG “Wins” with New 165K SF Deal with Clear Path for Future Growth
- 🏈 Edwards “Wins” by Right-Sizing to 95K SF
- 🏈 BXP “Wins” by Signing Two “All Stars” to Long-Term Deals



Boston Region – Offense



Situation

- 🏈 Empty Soulless 80s Office Park – “Mount Money”

Action Step

- 🏈 Transform Bay Colony into East Coast “Googleplex”

Result

- 🏈 92% Committed – “Geek Peak”



Boston Region – Offense



120 ST. JAMES

Situation

- 🏈 State Street Leaving Large Back Office Low-Rise Floors
- 🏈 Tech Firms Migrating to Boston
- 🏈 Different Culture – One Lobby

Action Step

- 🏈 Create Separate Entrance/Lobby for Tech Companies
- 🏈 Rebrand Low Rise Building as 120 St. James

Result

- 🏈 \$10/SF Premium Over Low-Rise Rents





New York



ANDREW LEVIN

QB #10

Height: 5'9"

Hometown: Swampscott, MA

Experience: 22 Years

QUICK STATS:

SF YTD: 538,000

SF 10Y: Over 8.0mm

New York Region

599 Lexington Avenue



601 Lexington Avenue



399 Park Avenue



767 5th Avenue



Times Square Tower



510 Madison Avenue



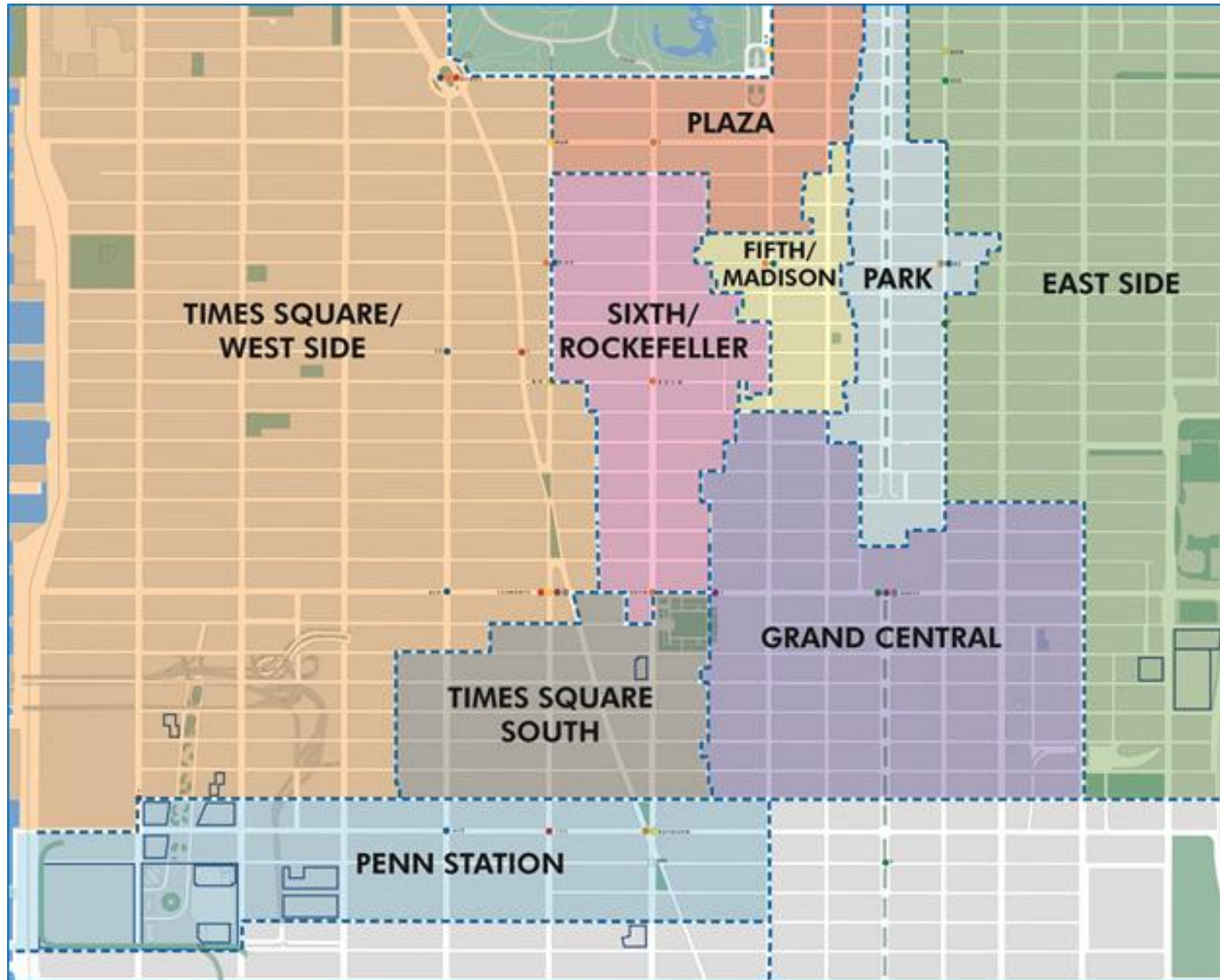
250W 55th Street



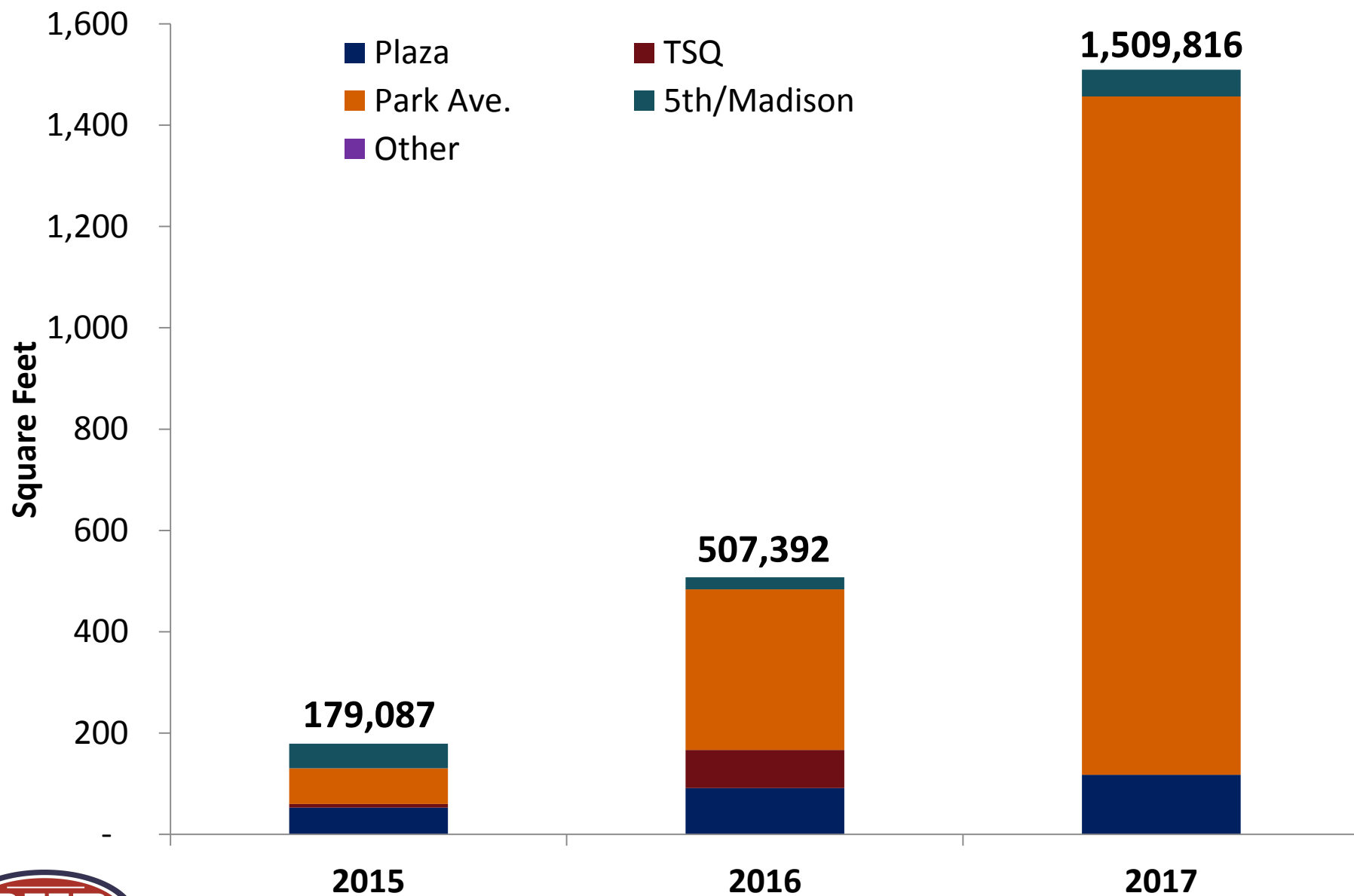
540 Madison Avenue



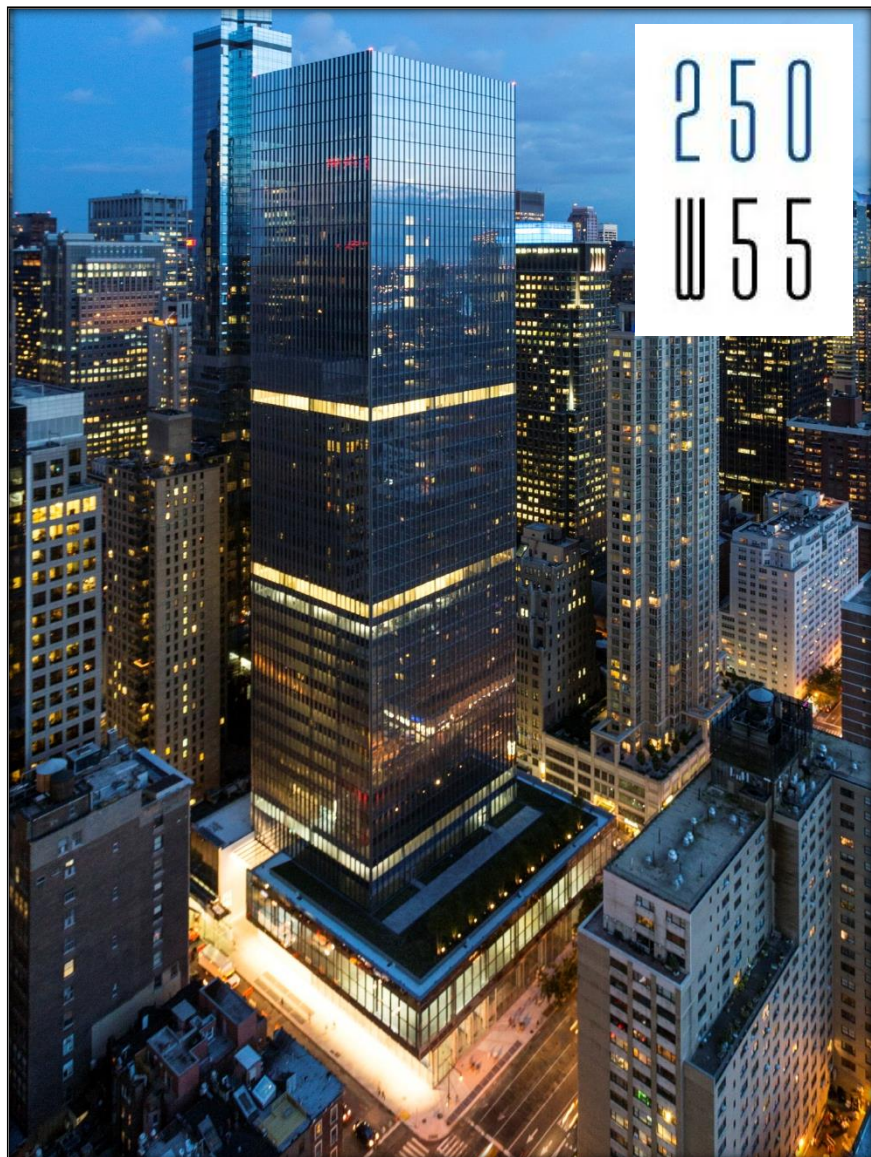
BXP 2.5% vs. 7.7% Midtown



New York Region Lease Expiration Schedule



New York Region – Major Achievements



KAYE | SCHOLER

Kaye Scholer

- 🏈 **Floors:** E3-E12, P13, EC2
- 🏈 **Size:** 260,062 SF
- 🏈 **Term:** 20 Years

S O R O S
Soros Fund Management

Soros Fund Management

- 🏈 **Floors:** E26-E29, E38, PC1
- 🏈 **Size:** 124,514 SF
- 🏈 **Term:** 15 Years



New York Region – Major Achievements

Re-Lease of 399 Park Avenue

- 🏈 In 2012, Re-Leased 150,000 SF of 10 and 15-Year Deals at Rents Above \$95 PSF with Almost No Downtime

767 5th Avenue (GM Building)

- 🏈 Apple Renewal & Expansion
- 🏈 Term: 15 Years

Lease-Up of 510 Madison Avenue

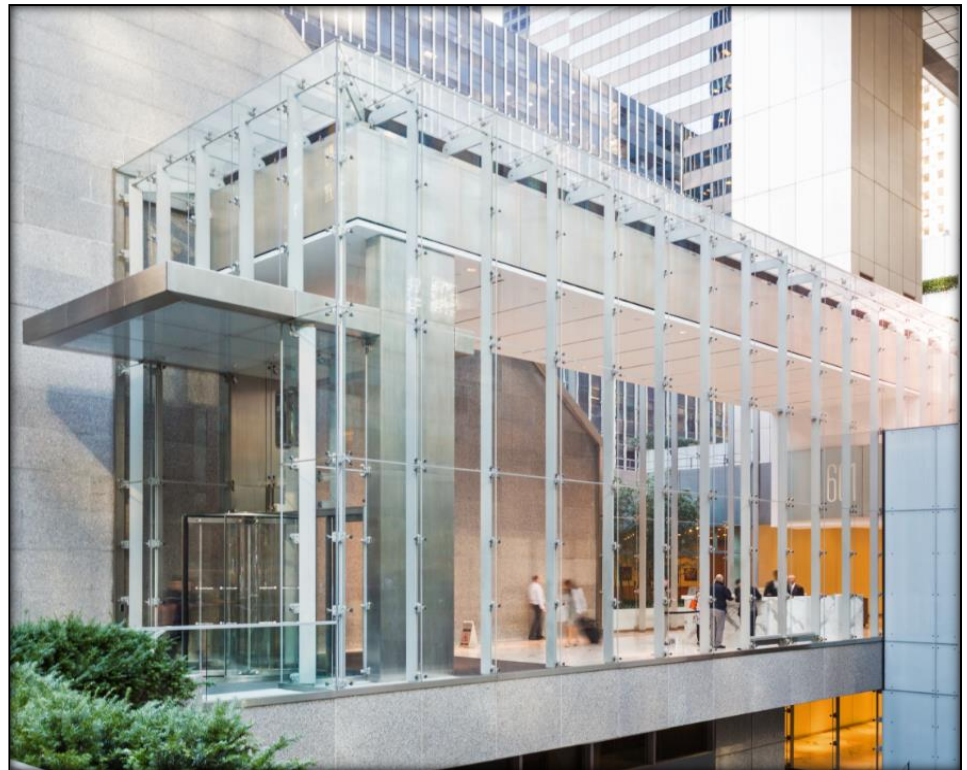
- 🏈 Over 93% Committed
- 🏈 Leased Over 110,000 SF in Last Two Years at Starting Rents Averaging \$110 PSF



New York Region – Major Achievements

Repositioning Citigroup Center as “601 Lexington Avenue”

- 🏈 New Office Lobby on Lexington Avenue
- 🏈 Citibank Renewal: 350,000 SF - 10 Years



New York Region – Major Objectives

2015-2020 Lease Expirations = 5mm Square Feet



399 Park Avenue



601 Lexington Avenue



767 5th Avenue



599 Lexington Avenue



New York Region – Defense

- 🏈 Right-Size Law Firms Prior to LXD for Term Extensions
- 🏈 Negotiating with 7 Firms Totaling over 1.7mm SF
- 🏈 Look at Expirations and be Open to Early Renewals
- 🏈 Continue to Invest in Assets to Maintain Quality Edge



New York Region – Offense

399 Park Avenue Upgrades

🏈 Retail, Façade, Setbacks



601 Lexington Avenue Upgrades

🏈 Low Rise Component





New York - Princeton



JOHN BRANDBERGH

QB #7

Height: 6'3"

Hometown: Newton, PA

Experience: 23 Years

QUICK STATS:

SF YTD: 313,000

SF 10y: Over 3.3mm

Carnegie Center – BXP Occupancy vs. Market

Market	Square Feet	Average Asking Rent	Occupancy
Central New Jersey	62.5mm	\$24.00/SF	76.1%
Princeton	14.5mm	\$28.26/SF	80.8%
BXP Carnegie Center	2.1mm	\$34.00/SF	89.6%

Lease Expiration Schedule	2015	2016	2017
BXP Carnegie Center	247,451 SF	203,127 SF	161,074 SF



Carnegie Center – Market Summary

Market Trends

- 🏈 Preferred Location for BioPharma/Pharmaceutical Industry
- 🏈 90% of Tenants are in These Industries and Account for 50% of Occupied Square Footage

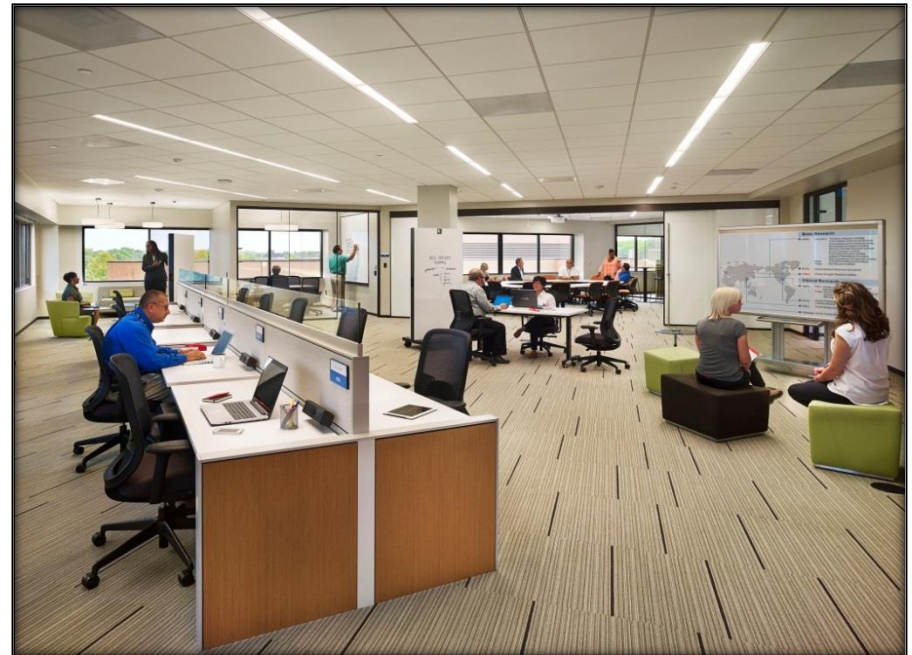
Market Absorption/Rent Direction

- 🏈 Princeton Market Accounted for 42% of the Entire Central NJ Market Absorption Rate
- 🏈 Asking Rents Increased from \$24.89 SF to \$28.26 SF
- 🏈 BXP Carnegie Center Buildings Asking Rents = \$34.00 SF



Carnegie Center – Recent Major Achievements

- 🏆 Increased Occupancy from 78% to 90%
- 🏆 Covance: 206 & 210 Carnegie Center = 10-Year Extension & Expansion/244,220 SF
- 🏆 URS: 510 Carnegie Center = 6-Year Extension/234,160 SF
- 🏆 NRG Build-to-Suit = 804 Carnegie Center/130,000 SF LEED Gold Building
- 🏆 Otsuka = 508 & 506 Carnegie Center/159,646 SF & Growing (Initially 78,000 SF)



Carnegie Center – Major Objectives

- 🏈 Hill Wallack Expiration: 202 Carnegie Center/1Q 2015 – 39,495 SF
- 🏈 GE Healthcare Expiration: 101 Carnegie Center/2Q 2015 – 92,428 SF
- 🏈 Sandoz Expiration: 506 Carnegie Center/3Q 2015 – 55,878 SF
- 🏈 NRG Expiration: 104 Carnegie Center & 211 Carnegie Center/2Q 2016 – 91,575 SF



Carnegie Center – Implementation of Defense

- 210 Carnegie Center Case
- 67% of the Building Expiring within a 9-Month Period
- Renovated Cafeteria and Food Service Operations
- Aggressively Secured a 10-Year Renewal with Covance for 82,500 SF
- Expanded and Renewed Cline, Davis & Mann for 33,000 SF



Carnegie Center – Implementation of Offense

- 🏈 Repositioning of Existing Buildings
 - 🏈 Lobby, Common Area, Restroom Renovation and Café Upgrades
 - 🏈 101CC Amenities Center



Carnegie Center – Implementation of Offense

- 🏈 Provide Swing Space for Both New and Growing Tenants
- 🏈 Continue to Accommodate Tenant Growth
 - 🏈 804CC 130,000 SF Build-to-Suit for NRG
 - 🏈 Modified Two Existing Leases to Accommodate Expansion in New Development





San Francisco



**ROD
DIEHL
QB #7**

Height: 5'8"

Hometown: Santa Rosa, CA

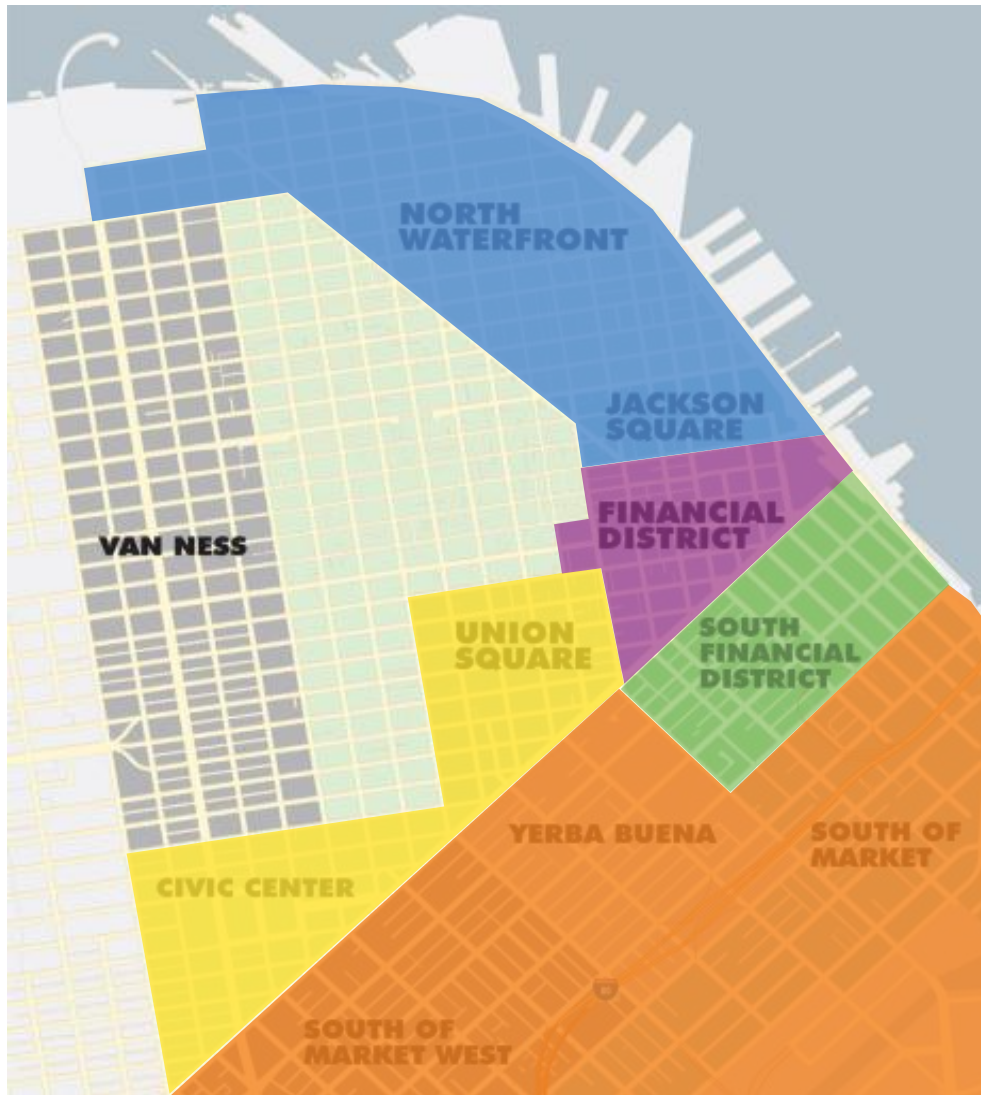
Experience: 25

QUICK STATS:

SF YTD: 1.26mm

SF 10Y: Over 7.5mm

San Francisco Office Submarket Snapshot



North Financial District

Vacancy: 7.4%

Average Asking Rent: \$61.17

South Financial District

Vacancy: 6.1%

Average Asking Rent: \$63.55

South of Market (SOMA)

Vacancy: 4.5%

Average Asking Rent: \$57.09



* Asking Rates are Annual Direct Lease Rates, Full Service Gross

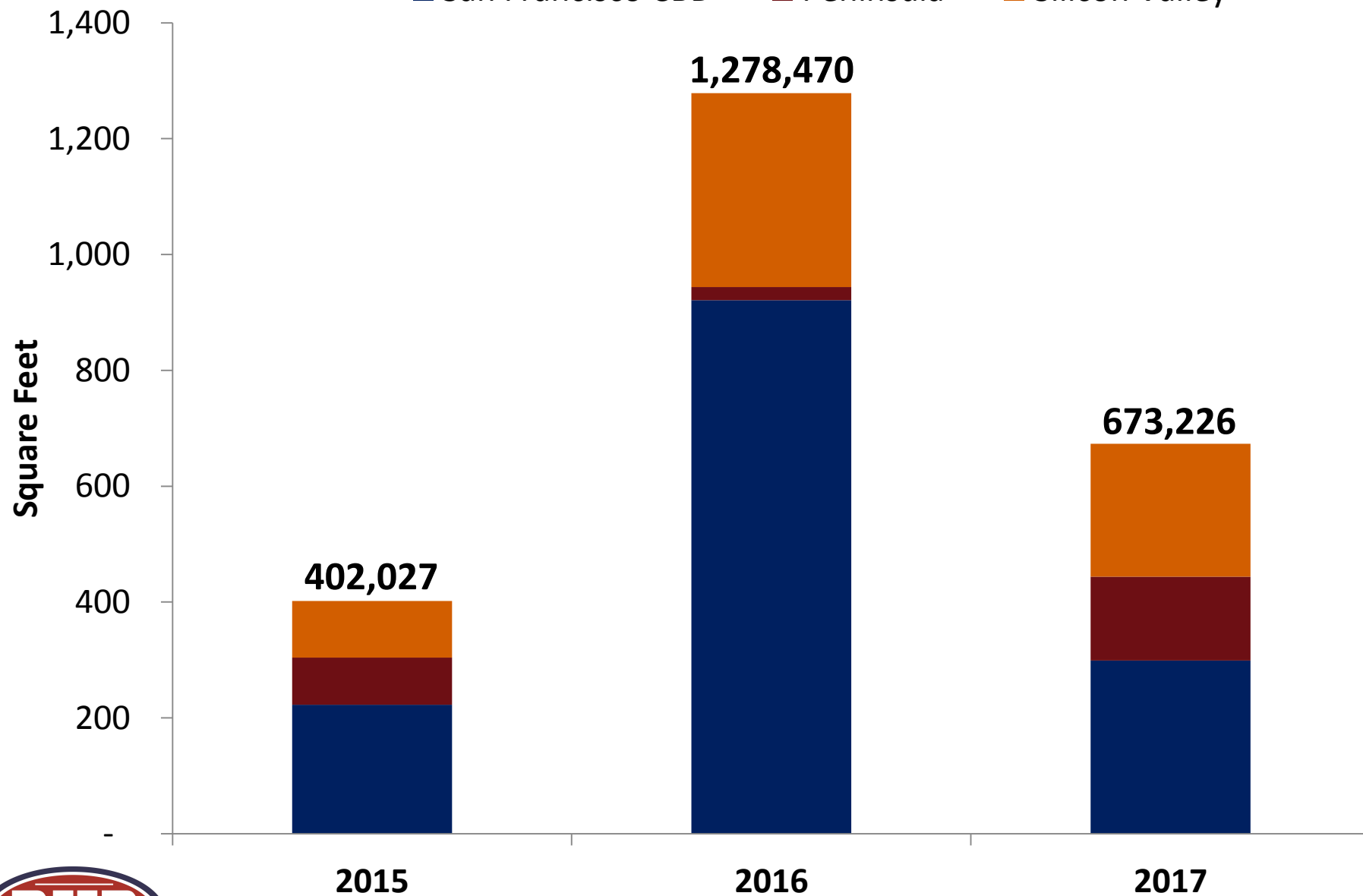
San Francisco Region – BXP Occupancy vs. Market

Submarket	BXP	Market
San Francisco CBD	94.6%	92.1%
Peninsula	90.4%	90.0%
Silicon Valley - Office	70.2%	89.7%



San Francisco Region Lease Expiration Schedule

■ San Francisco CBD ■ Peninsula ■ Silicon Valley



San Francisco Region – Recent Major Achievements

- 🏈 Pre-Leasing 714,000 SF to salesforce.com at Salesforce Tower
- 🏈 Pre-Leasing 106,000 SF to Trulia at 535 Mission Street
- 🏈 Renewal of Genentech for 428,000 SF at Gateway Center
- 🏈 Renewal of Alcatel for 120,000 SF at Mountain View Research Park
- 🏈 New Lease with athenahealth for 56,000 SF at 50 Hawthorne Street

ALCATEL

 trulia®



Genentech, Inc.



 Boston Properties



San Francisco Region – Major Objectives

- 🏈 Leasing at Innovation Place in North San Jose
- 🏈 Completing the Leasing of 535 Mission Street
- 🏈 Completing the Leasing of Salesforce Tower
- 🏈 Renewing the 2,516,953 SF of Leases Rolling in the Region Through 2017



San Francisco Region – Defense

Proactive Early Renewals

Situation

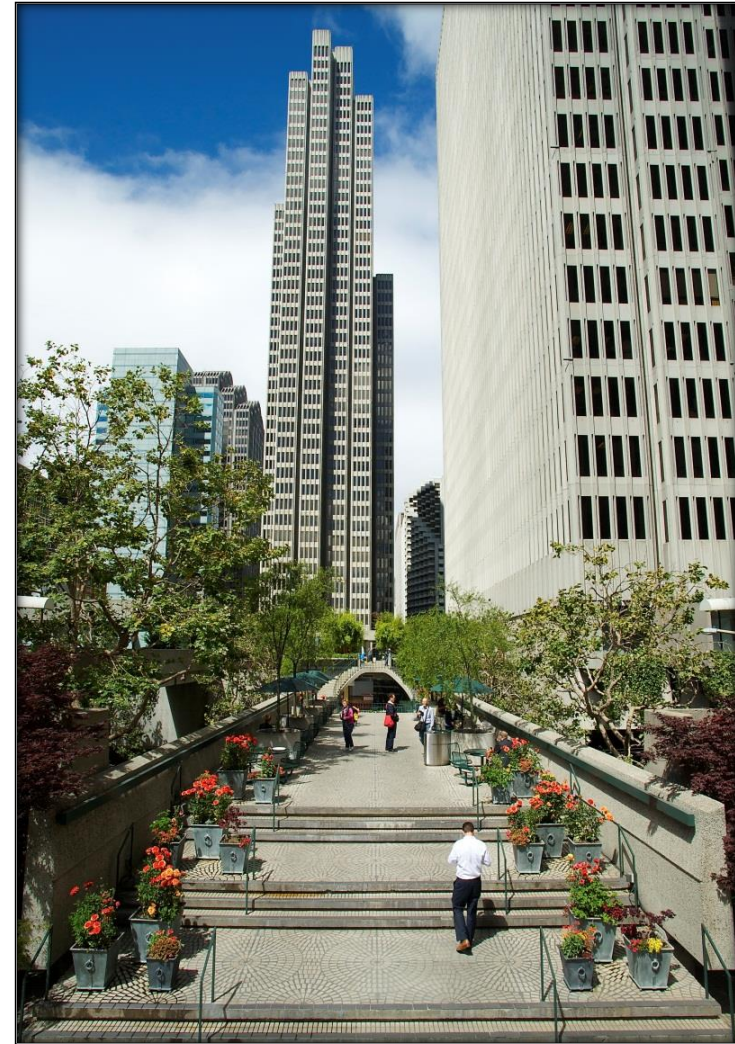
- 🏠 Large Law Firm with Over 125,000 of Existing Space
- 🏠 Lease Expiring in Mid-2016
- 🏠 Tenant is Not Using All the Space – Only Needs ~75,000 SF

Action Step

- 🏠 Engage Tenant Early
- 🏠 Take Unused Space Back Now

Result

- 🏠 Active Discussions with Positive Outcome Likely
- 🏠 Begin Releasing of Give-Back Space in a Strong Market



San Francisco Region – Offense

Reposition of Innovation Place

Situation

- 🏈 Tired, 1980s Vintage Building with Limited Window Line
- 🏈 Long-Time Tenant Downsizing and Giving Back Space

Action Step

- 🏈 Completed Major Renovation, Interior and Exterior
- 🏈 Added Several Outdoor Amenities

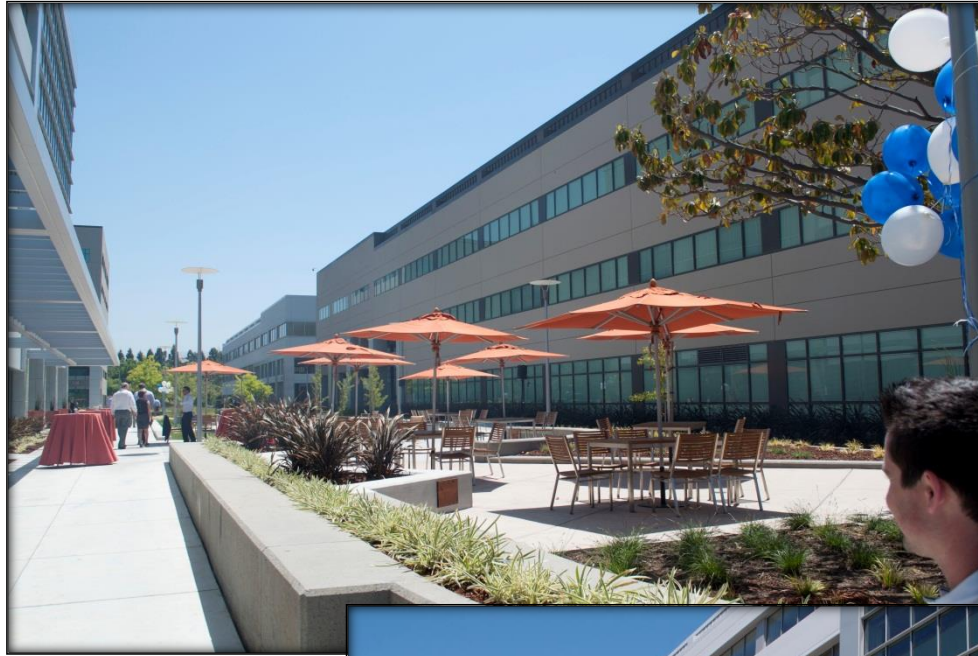
Result

- 🏈 Project Well Received by the Market
- 🏈 Actively Marketing Space



San Francisco Region – Offense

Reposition of Innovation Place



San Francisco Region – Offense

Renovation of 690 Folsom Street

Situation

- 🏠 Old Parking Structure on Prominent Corner
- 🏠 Acquired with 680 Folsom Street

Action Step

- 🏠 Convert to Office and Retail Space Designed to Appeal to TAMI Tenants
- 🏠 Built Out Interior with Open Plan

Result

- 🏠 Completion Scheduled for October
- 🏠 Multiple Proposals Pending, Both Office and Retail



San Francisco Region – Achievements and Goals

Complete the Leasing of Salesforce Tower for Occupancy in 2017



San Francisco Region – Achievements and Goals



535 Mission Street

Complete Leasing of 535 Mission Street,
690 Folsom Street, and Retail at 680 Folsom Street



680 and 690 Folsom Street



Washington, DC



JONATHAN KAYLOR

QB #10

Height: 5'10"

Hometown: Huntingdon, PA

Experience: 36 Years

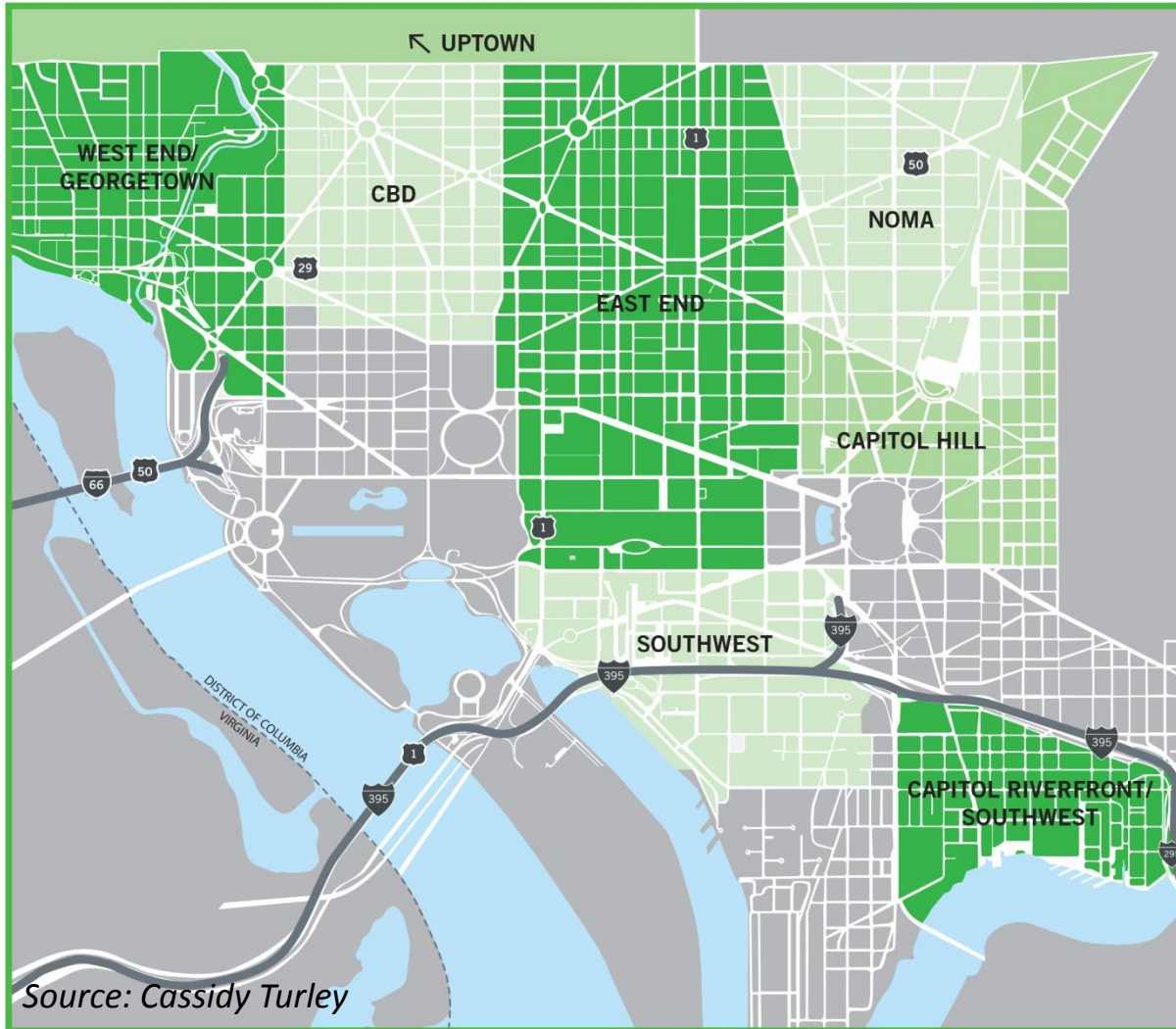
QUICK STATS:

SF YTD: 452,931

700,000 SF in negotiation

SF since '09: Over 8.2mm

Washington, DC Region – Submarket Snapshot



East End

Vacancy: 10.6%

Average Asking Rent: \$54.18



CBD

Vacancy: 11.2%

Average Asking Rent: \$49.60



SW / SE

Vacancy: 10.8%

Average Asking Rent: \$47.15



Capitol Hill / NoMa

Vacancy: 12.4%

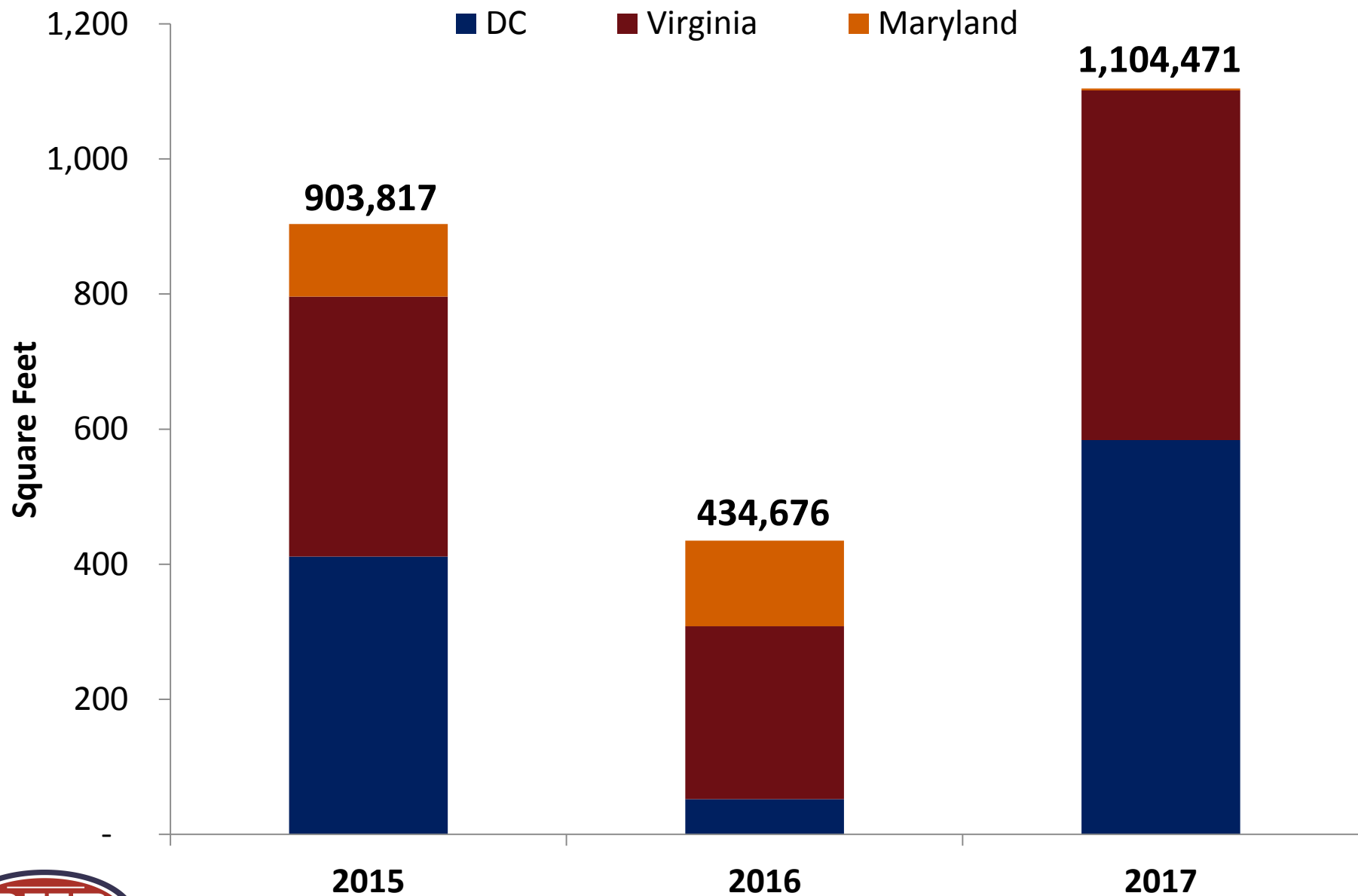
Average Asking Rent: \$50.29

Washington, DC Region – BXP Occupancy vs. Market

Submarket	BXP	Market
Washington, DC		
East End	95.9%	89.4%
CBD	96.8%	88.8%
SW/SE	94.5%	89.2%
Capitol Hill/NoMa	90.9%	87.2%
Virginia		
Reston	99.9%	85.2%
Springfield/Eisenhower/395	94.7%	76.3%
Maryland		
North Bethesda/Rockville	76.5%	81.46%
Bethesda/Chevy Chase	100%	91.2%
Fort Meade/NSA	62.9%	87.4%



Washington, DC Region Lease Expiration Schedule



Washington, DC Region – Federal Government

Federal Government - National Capital Region	2012	2013	2014
Total Leased Square Feet	57.5mm	57.0mm	56.9mm
Total Number of Leases	830	779	744

SF to Expire 2014-2016	17.9mm (31%)	20.3mm (36%)	23.7mm (42%)
------------------------	-----------------	-----------------	-----------------

Federal Government – BXP/DC Portfolio = 2,500,000 SF

Federal Government	2015	2016	2017
BXP/DC Expirations	203,521 SF	0 SF	253,781 SF



Washington, DC Region – Recent Major Achievements

- 🏈 Pre-Leasing 385,000 SF to Arnold & Porter at 601 Massachusetts Avenue
- 🏈 New Lease with Leidos for 200,000 SF at One & Two Freedom Square
- 🏈 Renewal of L-3 for 217,000 SF at Two Freedom Square
- 🏈 Renewal of Fed. Gov't for 260,000 SF at Reston Corporate Center
- 🏈 New Lease with Bechtel for 220,000 SF at Reston Overlook



Washington, DC Region – Major Objectives

- 🏈 Renewing Three Major Law Firm Leases = 700,000 SF
- 🏈 Completing the Lease-Up of 601 Massachusetts Avenue = 78,000 SF
- 🏈 Secure Pre-Lease Tenant for 501 K Street
- 🏈 Re-Lease Upcoming Availability at Market Square North
- 🏈 Renewal/Re-Leasing of 2,932,673 SF of Leases Rolling in the Region Through 2017



601 Massachusetts Avenue



Market Square



Washington, DC Region – Defense

Situation

- 🏈 Large Law Firm with Over 295,000 SF of Existing Space
- 🏈 Lease Expiring in Early 2017
- 🏈 Tenant is not Using All the Space – Needs ~250,000 SF

Action Step

- 🏈 Instead of Waiting, Began Discussion Last Year with Tenant

Result

- 🏈 Early Renewal Likely to be Completed this Year
- 🏈 Getting Back 40,000 SF of Quality Space in 2015
- 🏈 Already Marketing and Have Interest in 40,000 SF Give-Back



Washington, DC Region – Offense

Situation

- 🏈 DC Lacks Tech-Focused Buildings
- 🏈 Tech Tenants Growing in Region

Action Step

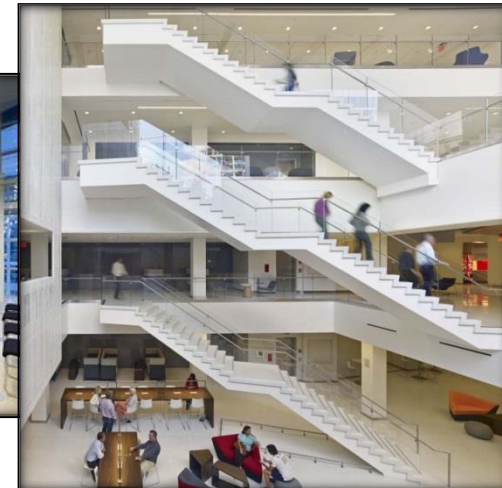
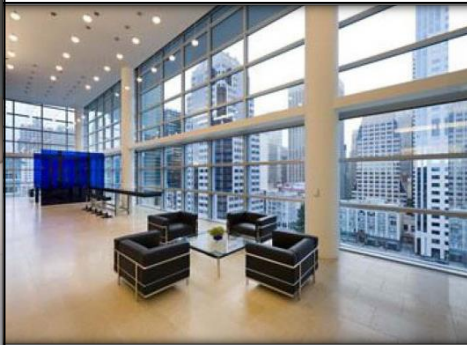
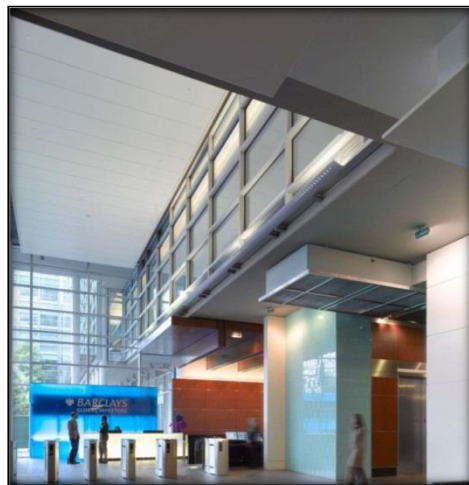
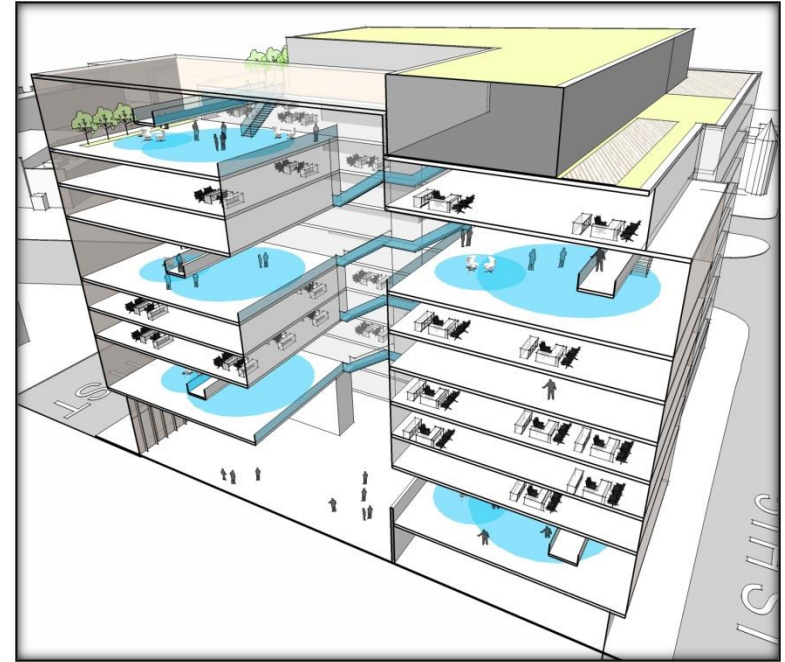
- 🏈 Designed Office Building Inside Out for New Use of Progressive Office User
- 🏈 Entered into Joint Venture for 520,000 SF Building at 501 K Street

Result

- 🏈 Extremely Positive Response by Tech Tenants AND Law Firms!
- 🏈 Unlike Any Other Building in DC region!



Washington, DC Region – Offense – 501 K Street





QUESTIONS?



Capital Markets

Mike LaBelle – Chief Financial Officer

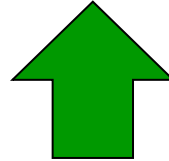
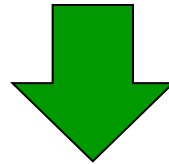
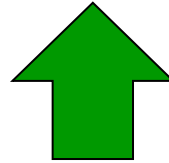
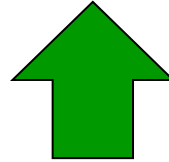
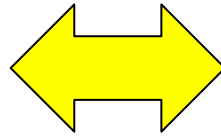
Mike Walsh – SVP, Finance



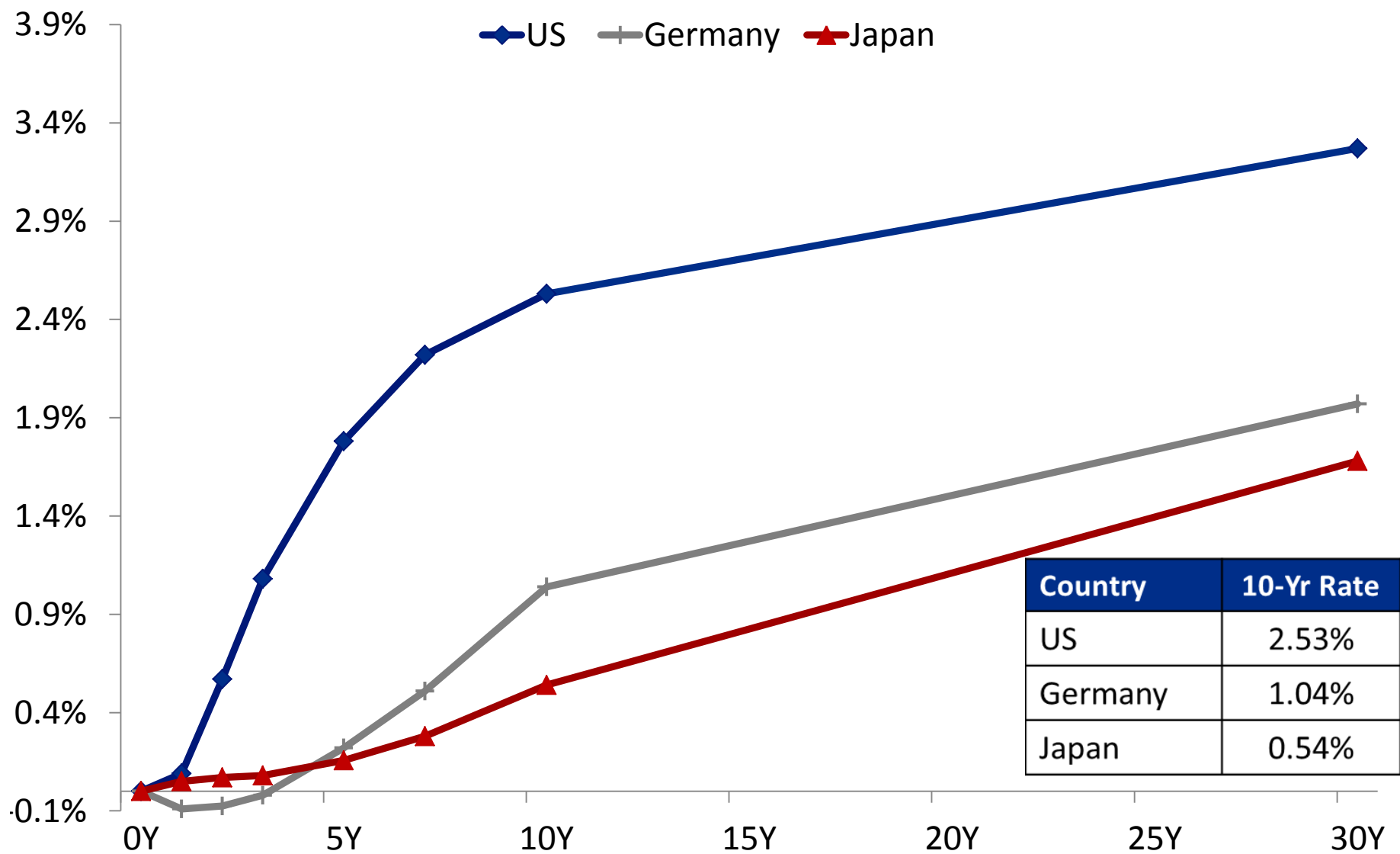
Premier Properties. Core Markets. Experienced Leadership.

Key Capital Market Trends

- Interest Rates
- Bond Market
- Mortgage Market
- BXP Cost of Debt
- Equity Markets

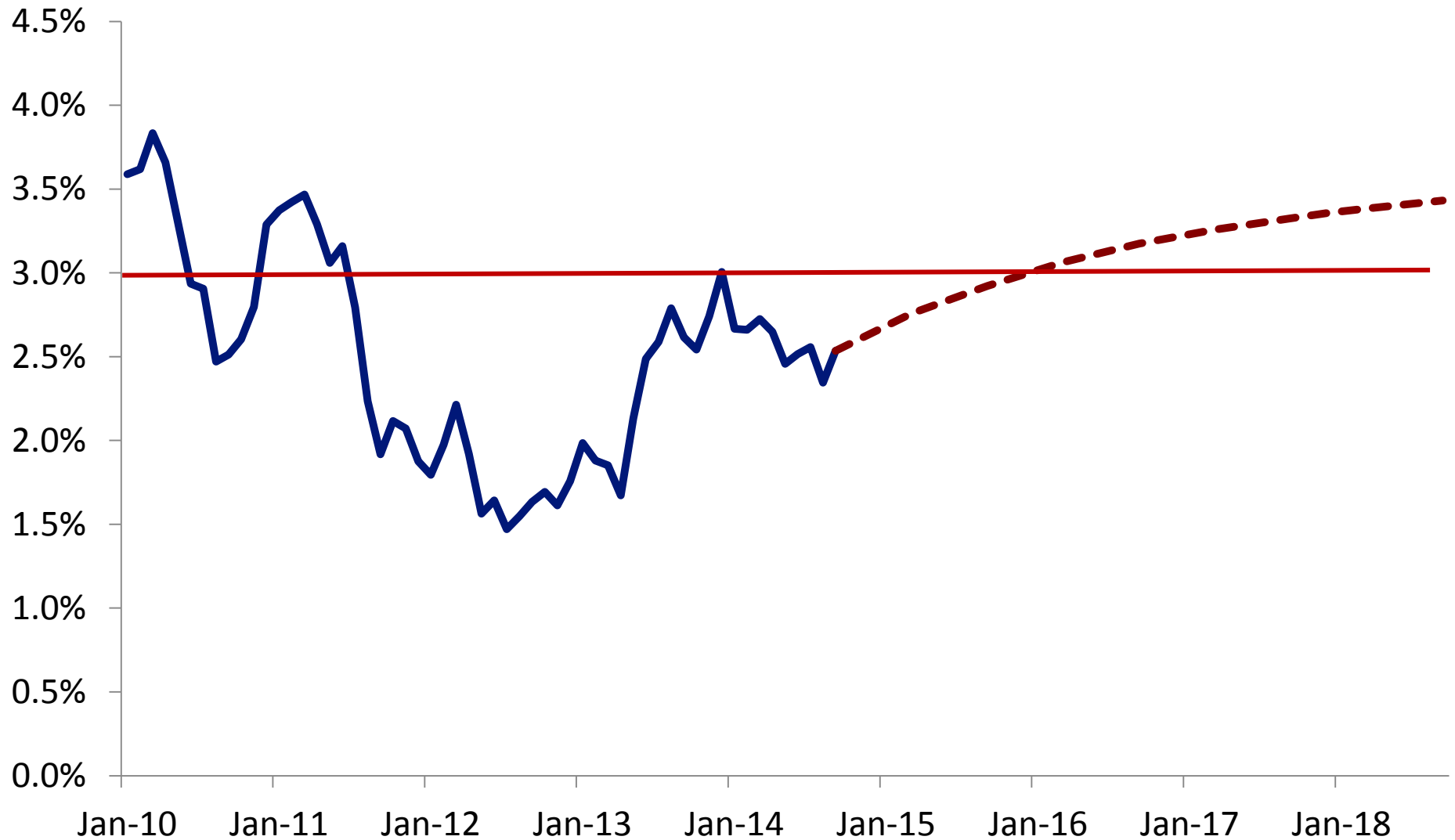


Sovereign Yield Curve (%)

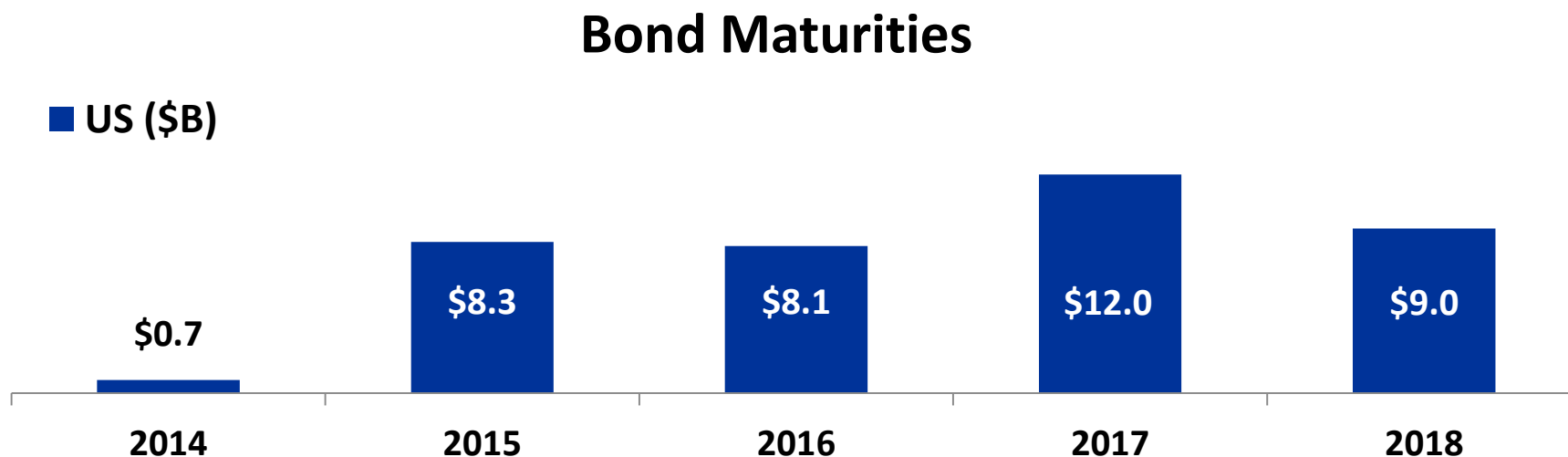
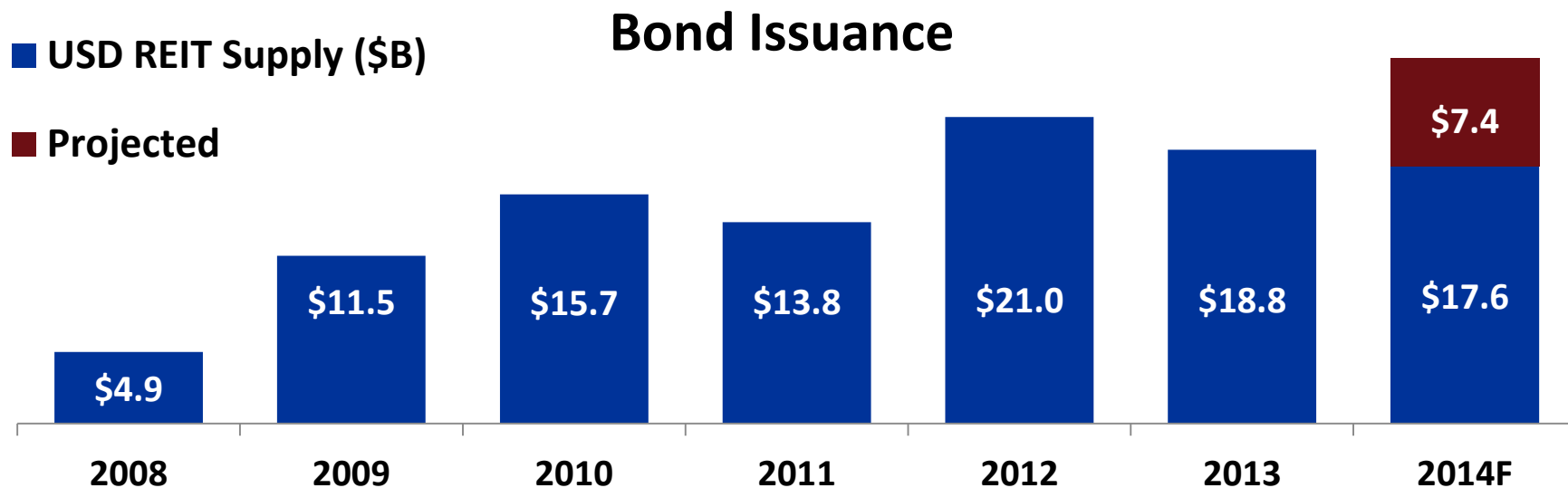


Interest Rate Outlook

— 10-Yr UST Historical - - 10-Yr UST Forward Curve

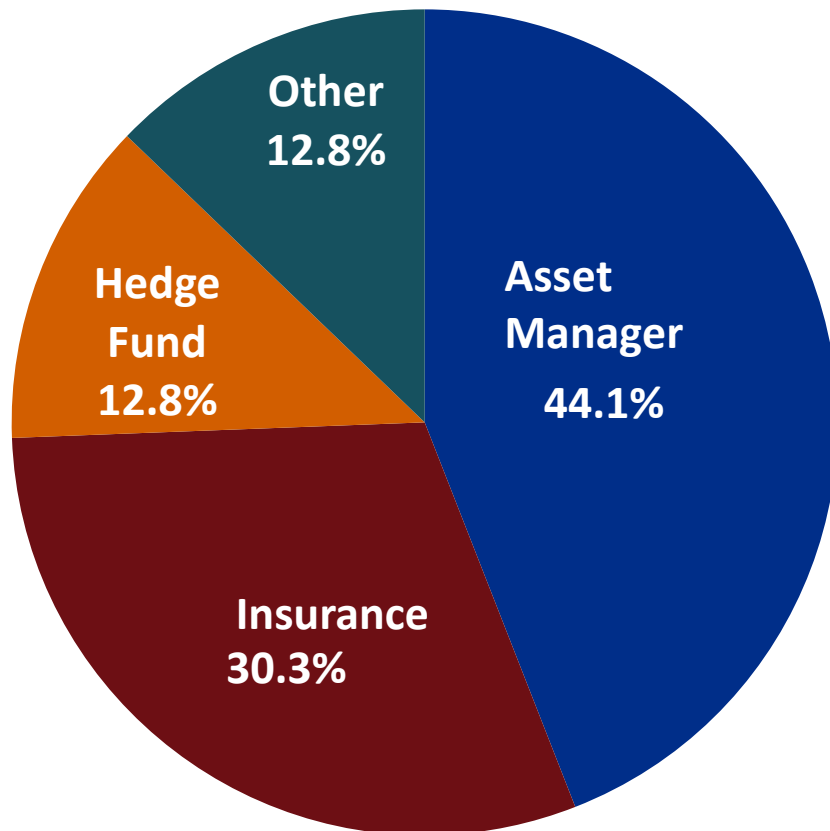


REIT Bond Market Issuance and Maturities

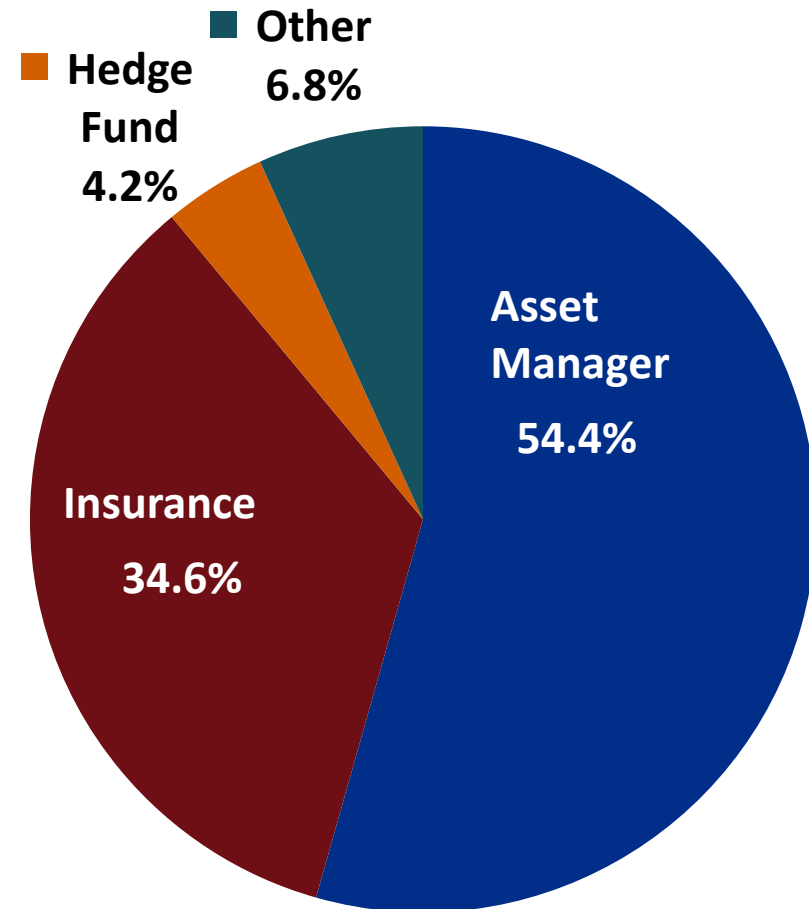


Participation in REIT Bond Deals by \$ Amount

2006

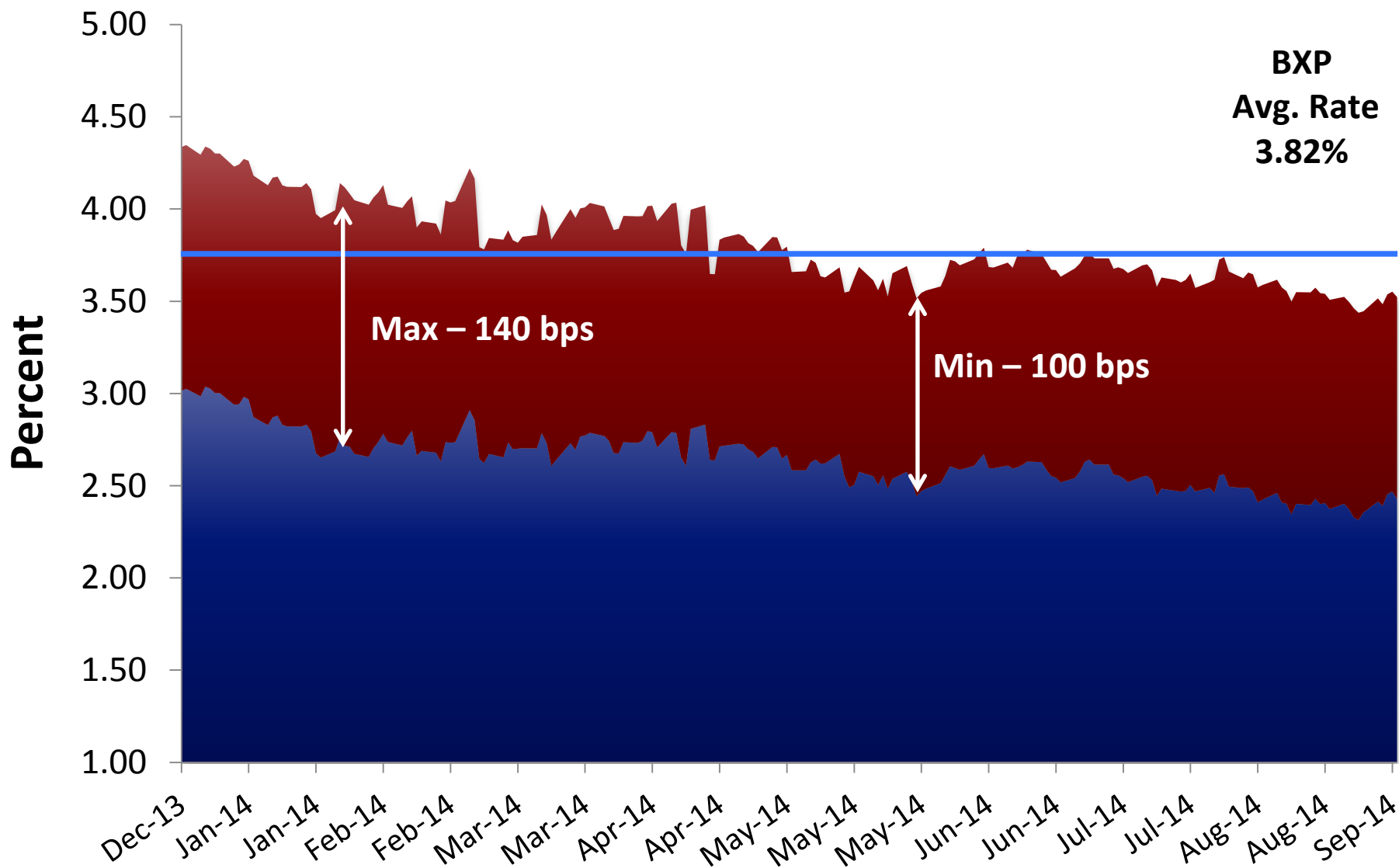


2014



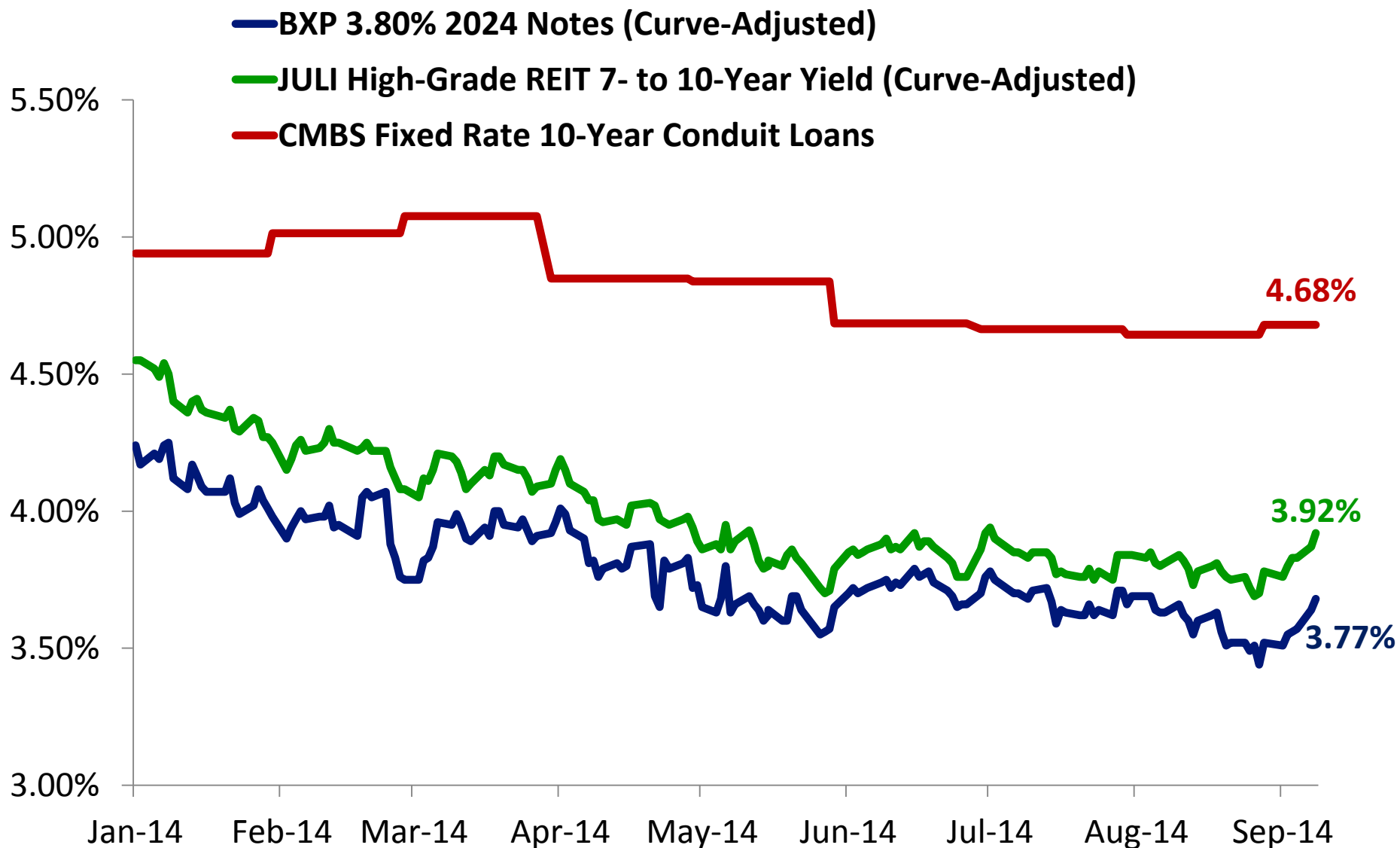
Unsecured Bond Market Volatility

■ 10-Yr Treasury Rate ■ BXP Credit Spread (Notes Due 2024)



Source: J.P. Morgan as of 9/10/14

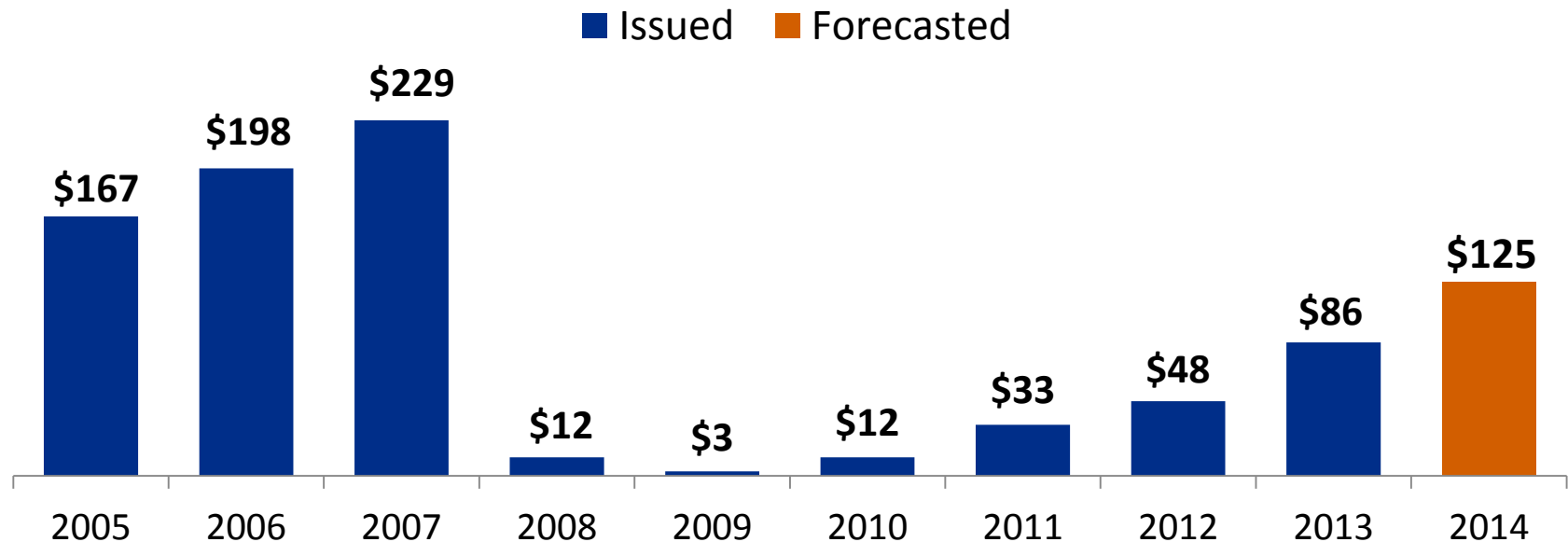
YTD Yields for BXP, Overall REIT Sector and CMBS



Secured Mortgage Market

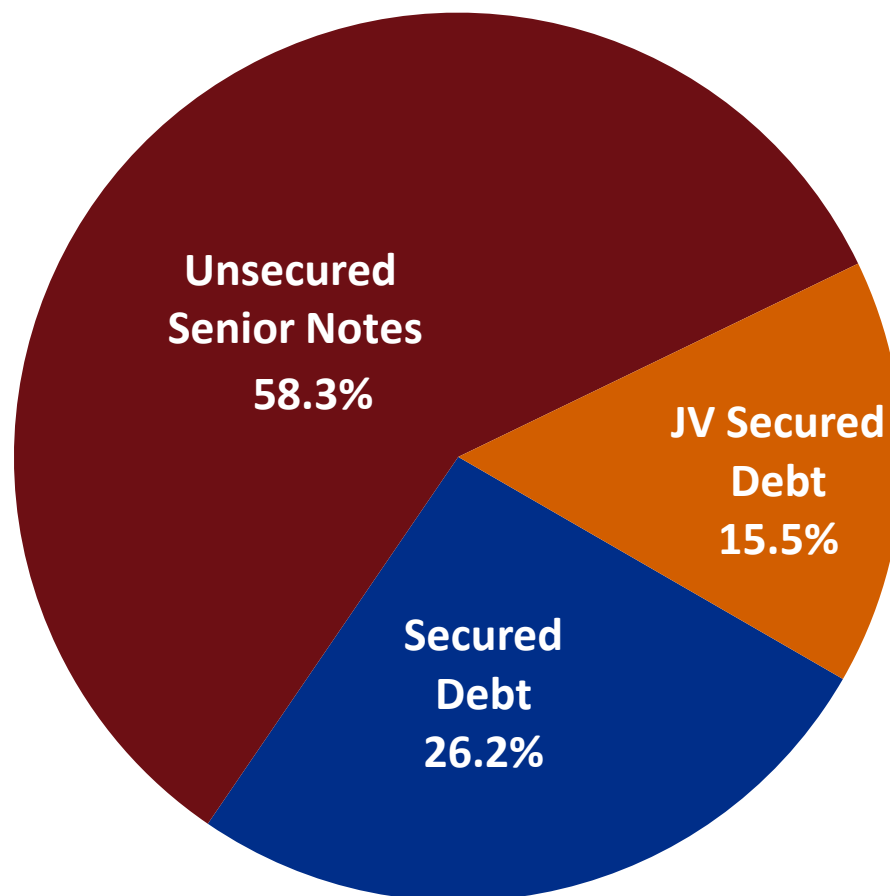
- CMBS
- Life Companies
- Pension Funds
- Banks
- Loan to Value Ratio Sub 60%
- Debt Yields ~9%
- Credit Spreads 135 - 175 bps
- All-in Coupon 3.85% - 4.25%
- Interest Only for Partial/Full Term

CMBS Issuance Volumes (\$B)



BXP Debt Portfolio Profile

\$10.0 Billion Debt Portfolio*

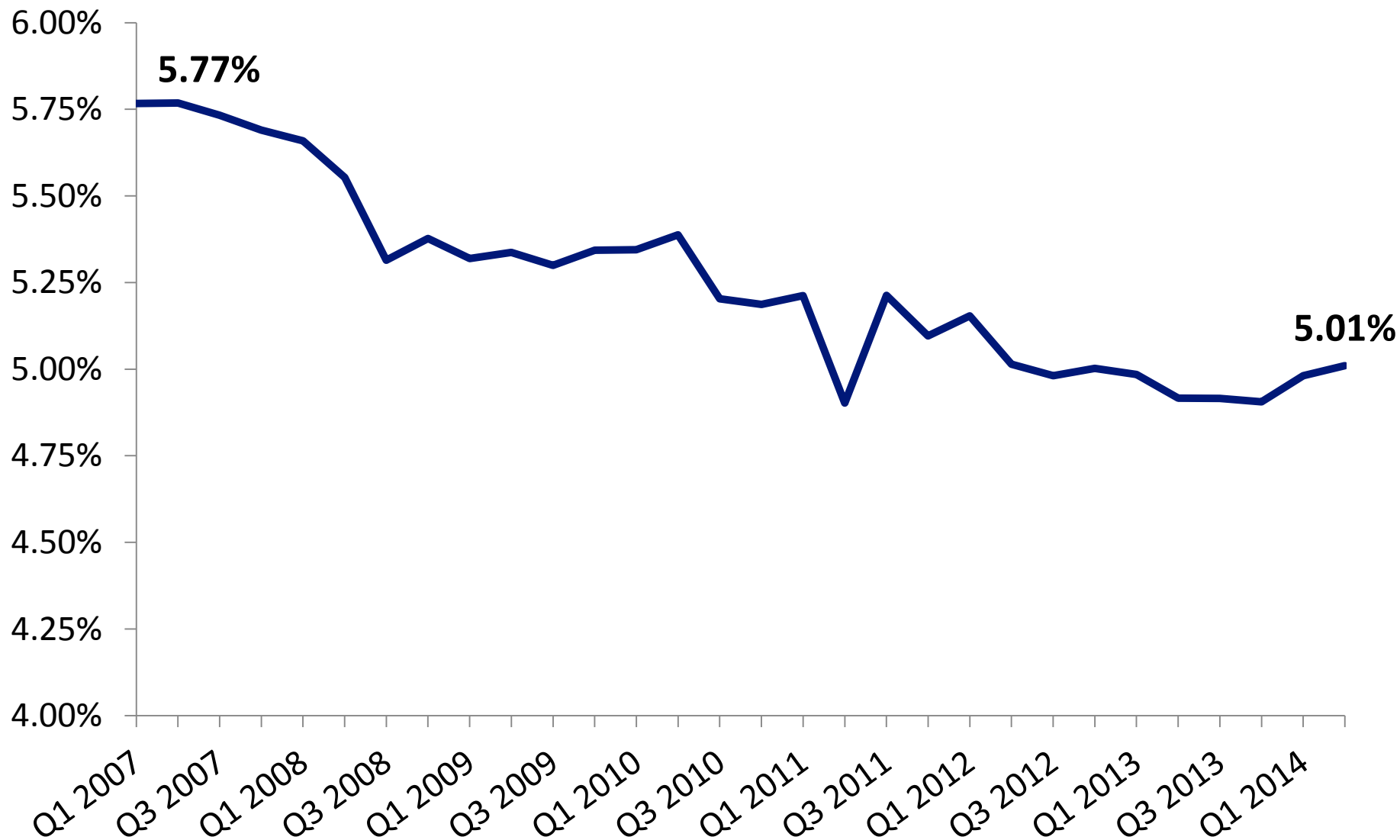


**Includes BXP share of consolidated and unconsolidated debt.
Data as of June 30, 2014*



BXP Cost of Debt Capital

— Weighted Average Cash Interest Rate



Debt Expirations

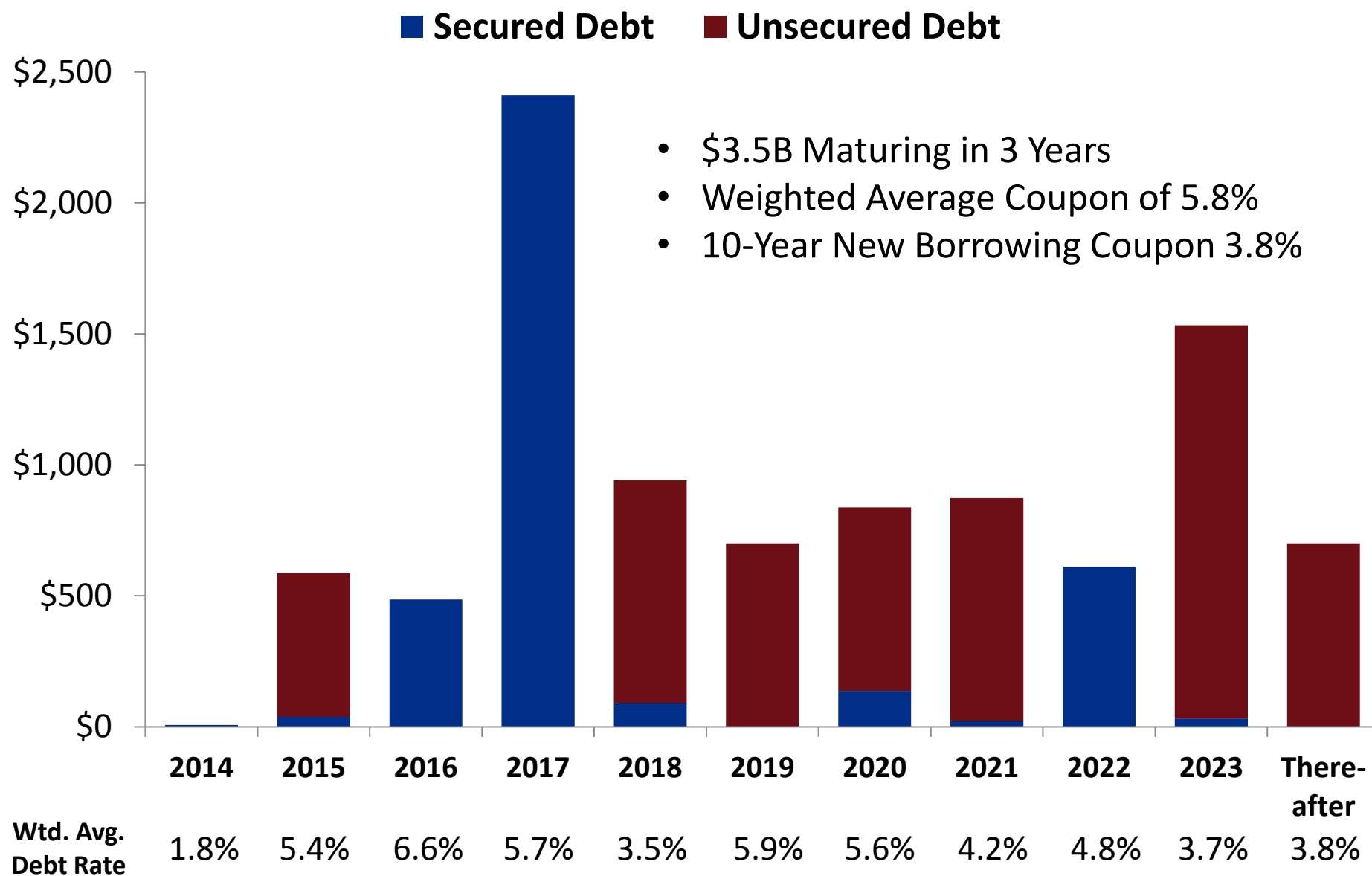
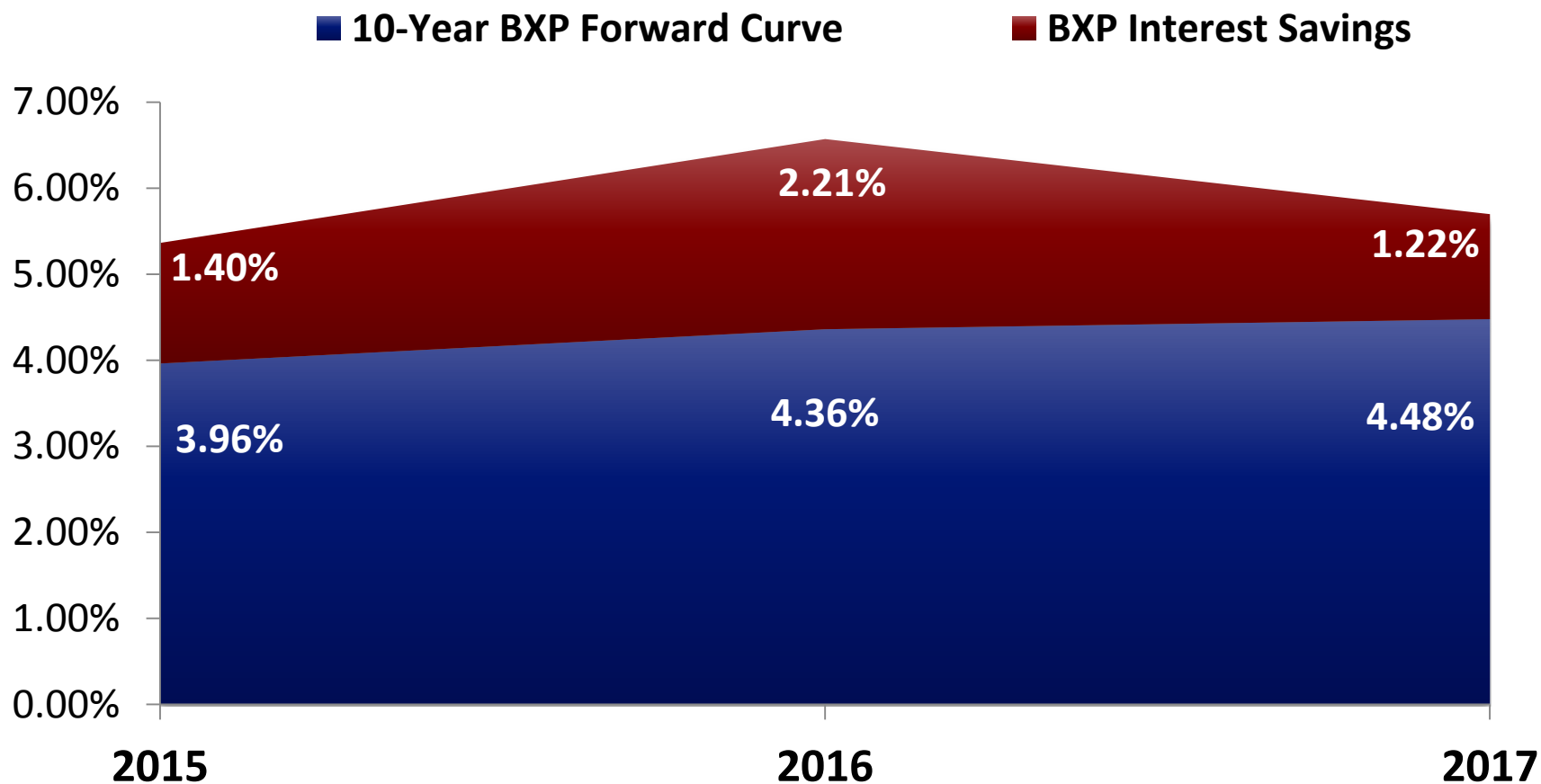


Chart data as of July 1, 2014. Data includes BXP share of consolidated and unconsolidated joint venture debt.

BXP Cost of Debt Declining

- Potential Interest Savings of \$48mm from Refinancing
- Potential Weighted Portfolio Debt Cost of 4.47% by 2017



Liability Management

Debt Maturities (MM)	Par Prepayment Date	Prepay Cost (MM)	Ann. Interest Savings (MM)	Break Even Rate Move (bps)
\$550	2015	\$15	\$8.5	28
\$475	9/2016	\$48	\$9.7	103
\$750	9/2016	\$71	\$11.0	109
\$640	10/2016	\$64	\$9.9	113
<u>\$964</u>	6/2017	<u>\$130</u>	<u>\$17.5</u>	<u>145</u>
\$3,379		\$329	\$56.7	106 (Avg.)



Interest Rate Hedging

1-Yr x 10-Yr Swap Lock Forward Premium

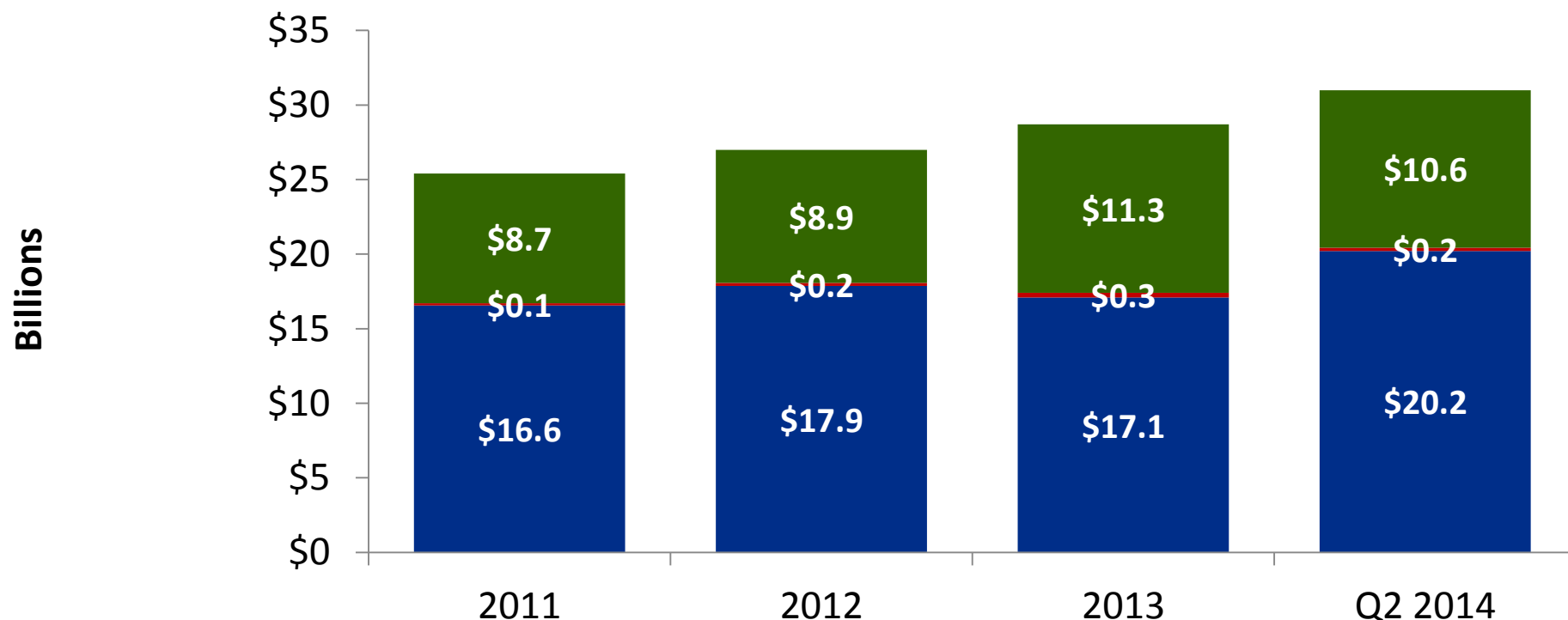


Data provided by J.P. Morgan



Leverage and Capital Structure

■ Common Stock & OPUs ■ Preferred Stock & OPUs ■ Fixed Rate Debt ■ Floating Rate Debt

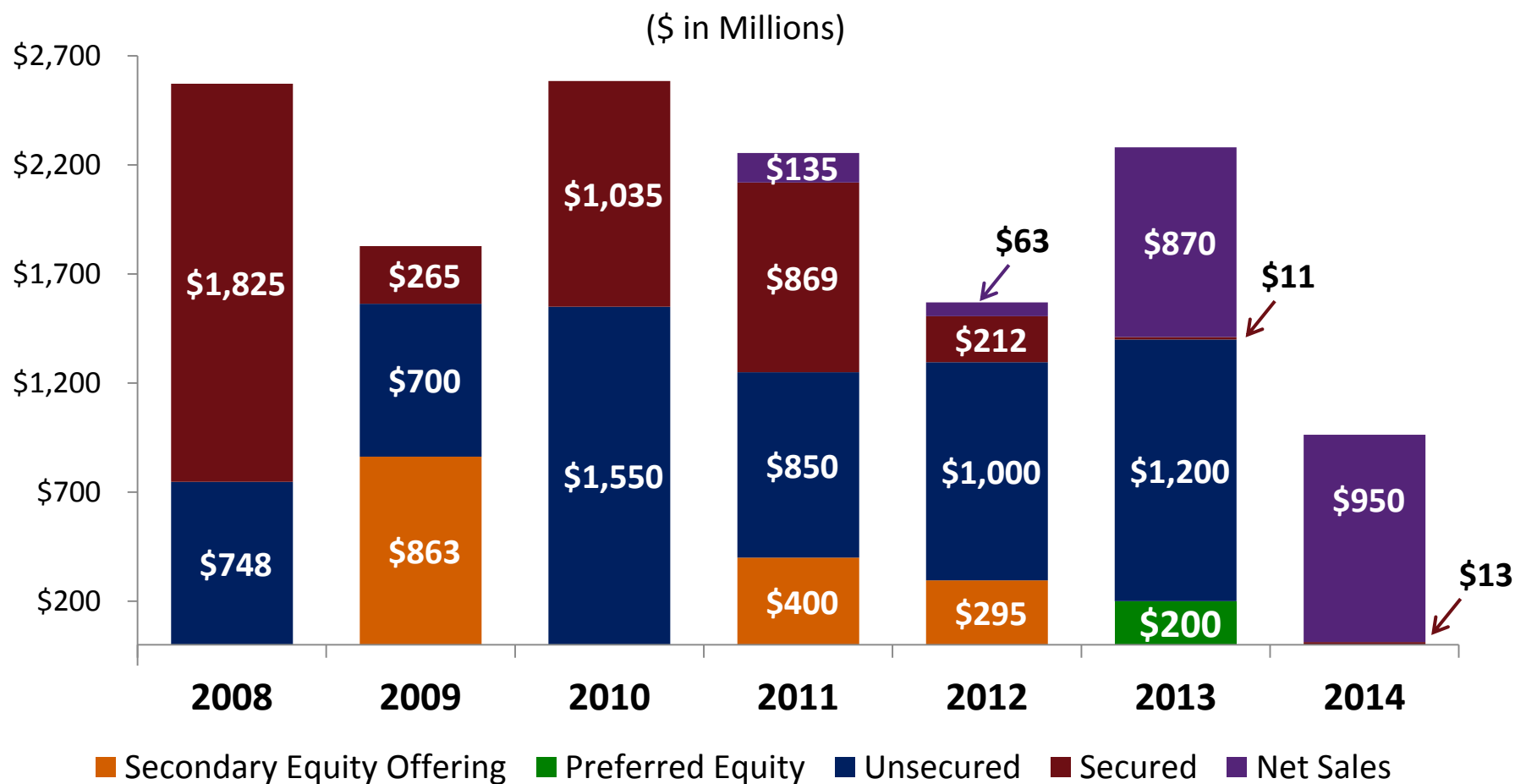


Combined Debt to Total Combined Market Cap	37.8%	36.4%	38.31%	32.89%
Fixed Coverage Ratio	2.2	2.2	2.2	2.3
Net Debt to EBITDA	5.9x	6.6x	6.3x	6.7x
FAD Payout Ratio	88.4%	74.6%	71.6%	60.7%

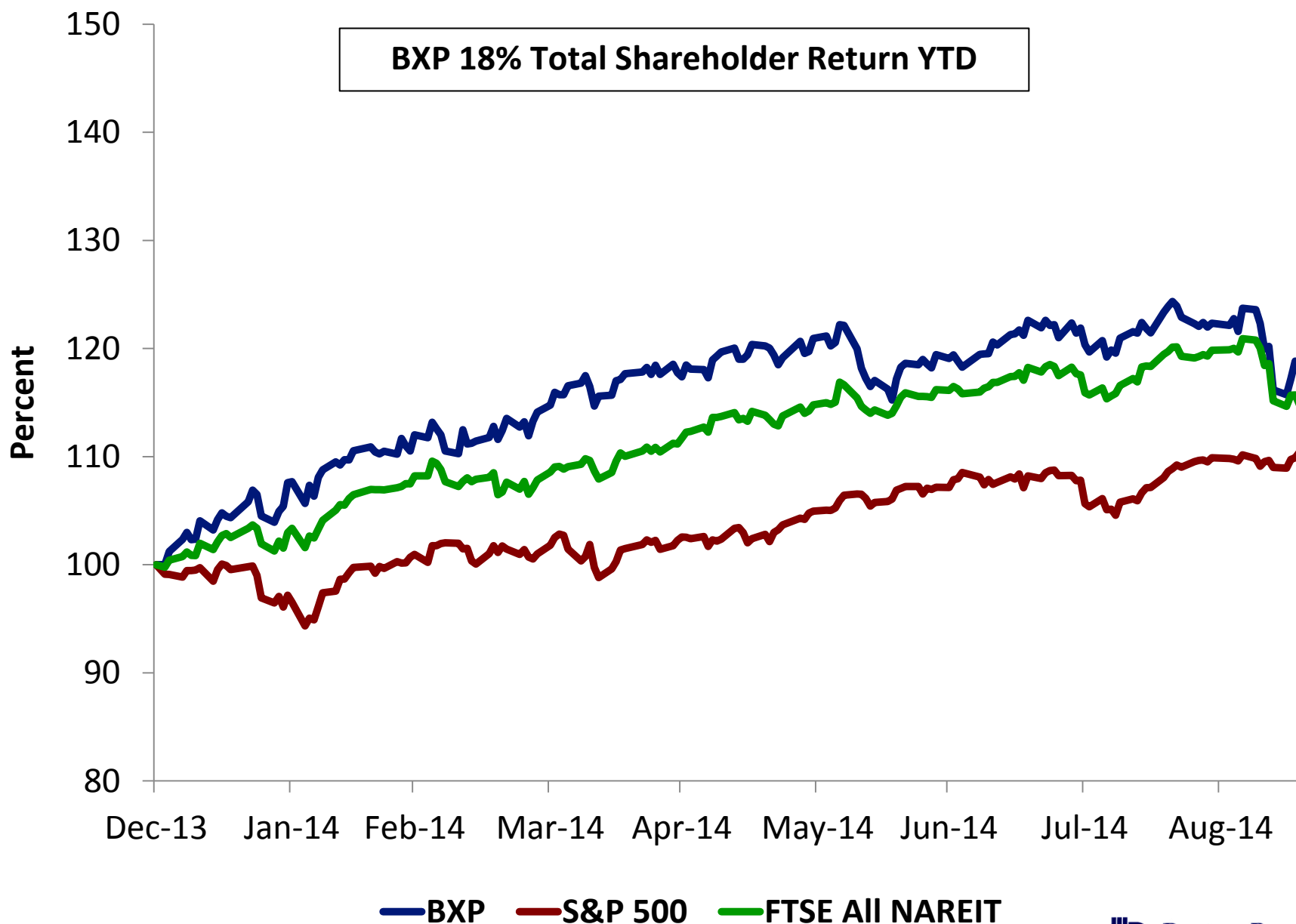
Data as of June 30, 2014. See Appendix for definitions, calculations and reasons for use.

Capital Raised Since 2008

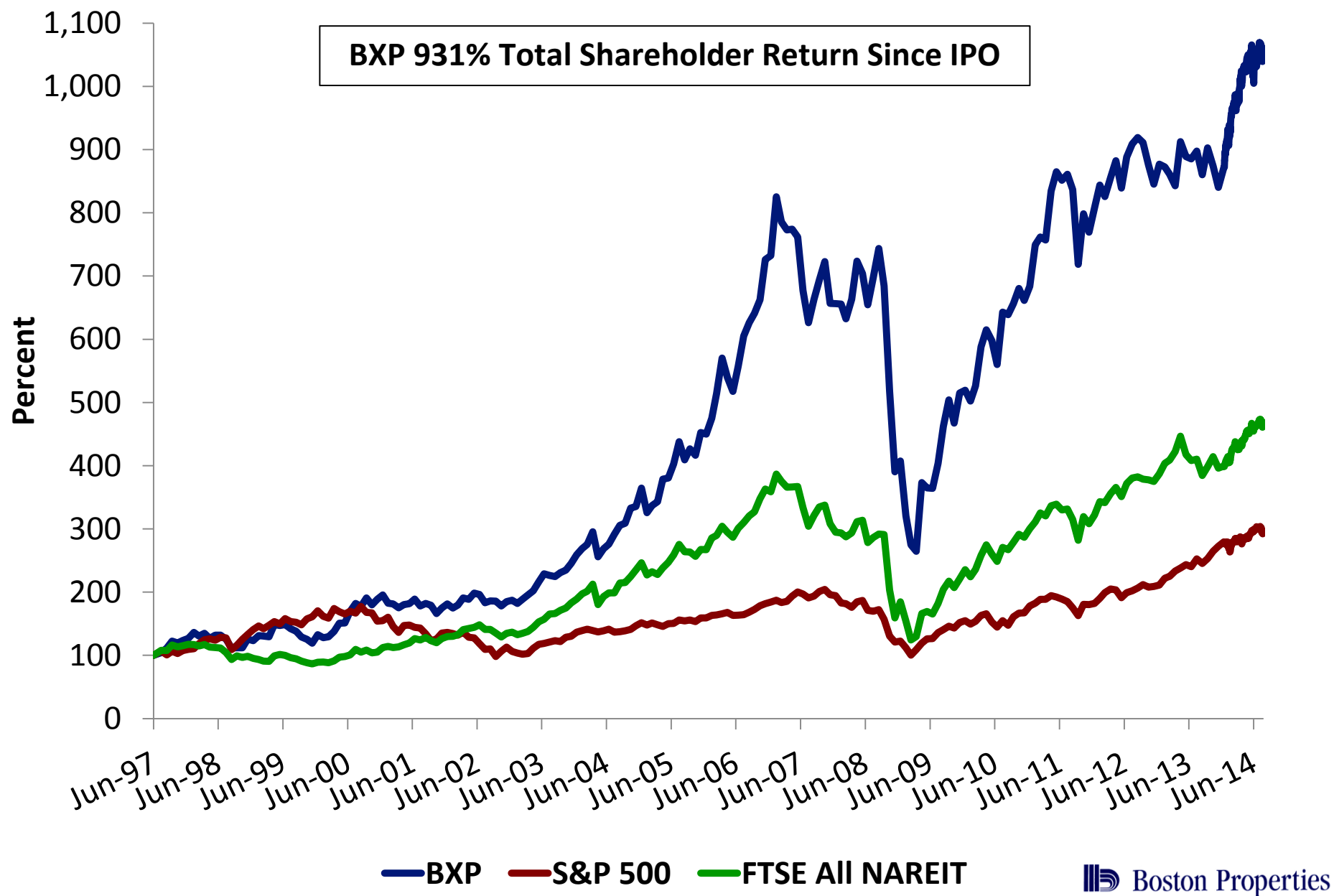
- Total Capital Raised: \$14.0B
- Incremental Debt Raised: \$2.5B
- Assets Sales Net of Special Dividends \$2.0B
- Incremental Common Equity Raised: \$1.6B
- Preferred Equity Raised: \$200mm
- Maintained Consistent Leverage



Shareholder Return YTD



Shareholder Returns Since IPO



Projected Future Activity

Future (\$ in Millions)	2014-2018 ¹
<u>Sources</u>	
Liquidity (Line of Credit & Cash as of 6/30/14)	\$2,037
Projected Disposition/Acquisition Activity	\$1,950
<u>Uses</u>	
Committed Development Outflows ²	\$1,485
Incremental Debt	\$50
Incremental Equity	\$0
Potential Special Dividend ³	\$1,000
Excess Liquidity ⁴	\$1,452

¹ Activity from 2nd half of 2014 thru 2018

² Development outflows (excluding non-cash capitalized interest) projected to complete and stabilize current developments.

³ Potential Special Dividend assumes no §1031 exchange. Final 2014 dividend subject to Board approval and announcement expected in December 2014.

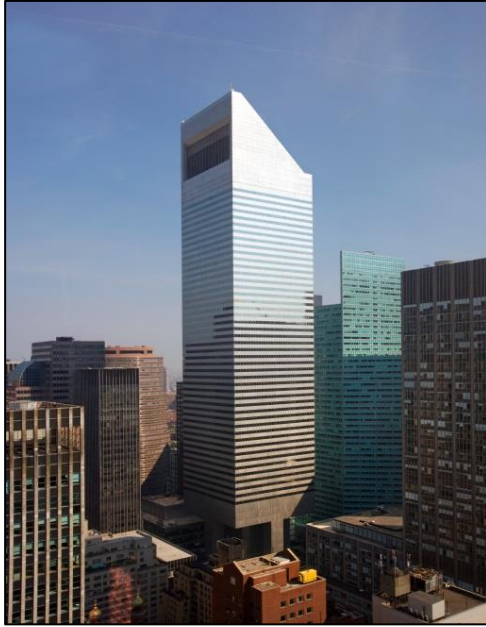
⁴ Excludes cash flow from operations and regular dividend.

Take Aways

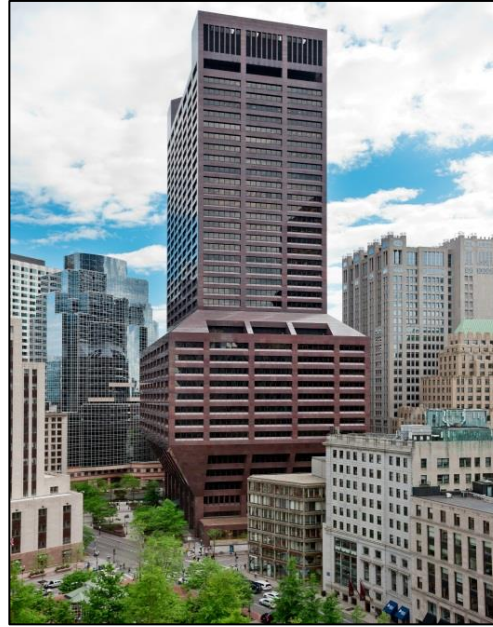
- Debt Capital Markets are Open with Attractive All-In Coupons of 3.75% - 4.25% for 10-Year Maturities
- Continue Focus on Extending Maturities and Reducing Portfolio Debt Cost
- Maintain Liquidity and Capacity to Act on Future Opportunistic Investments



Recently Announced Joint Venture



601 Lexington Avenue



100 Federal Street



Atlantic Wharf

- Approximately \$1.5B in Cash Proceeds
- Estimated Closing Q4 2014
- Estimated Gain of ~\$1.0B (Assumes No §1031 Exchange)
- Retained Proceeds ~\$500mm
- Cap Rate of 3.8%



Financial Statement Impact

- Consolidated Joint Venture
- No GAAP Gain on Sale – Equity Transaction
- FFO Impact Through an Increase in Annual Non-Controlling Interest (NCI)
- Annual FFO Impact – Loss of ~\$56mm or \$0.33/Share
- Management Fee Income Recorded Through Adjustment to NCI – \$2.4mm/Year



BXP Value Creation

Development - Average 7% Cash-on-Cash

	2014	2015	2016	2017	2018	Total
*Cost of Projects Delivered	\$340	\$1,223	\$291	\$733	\$1,074	\$3,660
Estimated NOI upon Stabilization	\$24	\$86	\$20	\$51	\$75	\$256
Estimated Value upon Completion (5.0% Cap Rate)	\$476	\$1,712	\$407	\$1,026	\$1,503	\$5,123
Total Development Budget						\$3,660
Value Creation						\$1,464
Value Creation/Cost						40%
Value Creation/Share						\$8.56

**Budget Includes Return on Investment During Development*

Project Cost and Timing of Delivery per the 2nd Quarter Supplemental



BXP Valuation Components









	(\$ in MM)
Price per Share (6/30/14)	\$118.18
Diluted Shares Outstanding	171,063
Preferred Stock	\$218
Equity Value	\$20,434
Total Adjusted Debt	<u>\$10,014</u>
Total Adjusted Market Value	\$30,448
Less GAAP Debt Adjustments	<u>(\$156)⁽¹⁾</u>
Gross BXP Valuation	\$30,292

⁽¹⁾ Includes Fair Value Adjustment on Mortgage Notes Payable - \$165, Fair Value Adjustment on Mezzanine Notes Payable - \$4, and Discount on Unsecured Senior Notes – (\$13).

Source: June 30, 2014 Supplemental (Exhibit 99.1 to Form 8-K filed on July 30, 2014)



BXP Non-Real Estate Assets

	(\$ in MM)	
Cash	\$1,037 	
Cash Held in Escrows	\$59 	
Marketable Securities	\$19 	
Tenant and Other Receivables	\$51 	
Accrued Rental Income, Net		\$674 
Deferred Charges		\$854 
Prepaid and Other Expenses	<u>\$40</u> 	\$93 
Total Current Assets	\$1,206	



= Include in NAV



= Exclude from NAV

\$93 – FV Rent



\$30 – Prepaid Expenses
\$8 – Other Assets
\$2 – Pending Projects

Source: June 30, 2014 Supplemental (Exhibit 99.1 to Form 8-K filed on July 30, 2014)



BXP Non-Real Estate Liabilities

	(\$ in MM)		
Related Party Notes Payable		\$180 ✗	Allocated to JV Partner
A/P and Accrued Expenses	\$216 ✓		
Dividends and Distributions Payable	\$112 ✓		
Accrued Interest Payable	\$156 ✓		
Other Liabilities	<u>\$200</u> ✓	\$340 ✗	\$287 – FV Rent \$53 – SL Ground Rent
Total Current Liabilities	\$684		

 = Include in NAV
  = Exclude from NAV

\$25 – Security Deposits
 \$157 – Prepaid Rent
 \$18 – Deferred Income

Source: June 30, 2014 Supplemental (Exhibit 99.1 to Form 8-K filed on July 30, 2014)



BXP Implied Cap Rate On Real Estate

	(\$ in MM)	
Gross BXP Valuation	\$30,292	
Total Current Assets	(\$1,206)	
Total Current Liabilities	\$684	
Management Company	(\$182)	7x 2014 Estimate
Land	(\$274)	At Book
Development	<u>(\$2,852)</u>	Book + 40% Value Creation
Implied Value of RE	\$26,463	
Combined NOI	\$1,517	Q2 Annualized ⁽¹⁾
NCI Share of Cash NOI	\$(117)	See Appendix for Reconciliation
Less Non-Cash SL and FV Rents	<u>(\$66)</u>	Q2 Annualized ⁽¹⁾
Total Cash NOI	\$1,335	
Implied Cap Rate	5.0%	

Source: June 30, 2014 Supplemental (Exhibit 99.1 to Form 8-K filed on July 30, 2014) and Form 10-Q filed on August 8, 2014

⁽¹⁾ Excludes 250 West 55th Street, 680 Folsom and The Avant NOI

BXP Cap Rate Sensitivity

78% of our NOI is from CBD Assets or \$1.041B (Q2 2014 Annualized)

Decrease in Cap Rates	Incremental Value in \$MM	Change in NAV per Share
25 bps	\$1,076	\$6.29
50 bps	\$2,271	\$13.28
100 bps	\$5,104	\$29.85

Recent Market Comp for Representative Portfolio = 3.8%



Questions?



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Conclusion

- Active Capital Recycling into Higher Yielding Development Pipeline
- Delivery of Robust Development Pipeline Drives Multi-Year Value Creation
- Retain Top Clients in Legal and Financial Services Industries
- Active Leasing and Development Strategy to Capture Growing TAMI Sector
- Deep and Experienced Management Team
- Strong Balance Sheet and Access to Capital Supports our Business Plan



Appendix



Premier Properties. Core Markets. Experienced Leadership.

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Federal securities laws. You can identify these statements by our use of the words “assumes,” “believes,” “estimates,” “expects,” “guidance,” “intends,” “may,” “might,” “plans,” “projects,” “should,” “will” and similar expressions that do not relate to historical matters. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond Boston Properties’ control and could materially affect actual results, performance or achievements.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- the continuing impacts of the relatively weak economic recovery, relatively high unemployment and other macroeconomic trends, which are having and may continue to have a negative effect on the following, among other things:
 - the fundamentals of our business, including overall market occupancy, tenant space utilization, and rental rates;
 - the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties; and
 - the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;



Forward-Looking Statements (continued)

- general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, tenant space utilization, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate);
- failure to manage effectively our growth and expansion into new markets and sub-markets or to integrate acquisitions and developments successfully;
- the ability of our joint venture partners to satisfy their obligations;
- risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits, tenant accounting considerations that may result in negotiated lease provisions that limit a tenant's liability during construction, and public opposition to such activities);
- risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments, including the impact of higher interest rates on the cost and/or availability of financing;
- risks associated with forward interest rate contracts and the effectiveness of such arrangements;
- risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets;
- risks associated with actual or threatened terrorist attacks;
- costs of compliance with the Americans with Disabilities Act and other similar laws;
- potential liability for uninsured losses and environmental contamination;
- risks associated with our potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended;



Forward-Looking Statements (continued)

- possible adverse changes in tax and environmental laws;
- the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results;
- risks associated with possible state and local tax audits;
- risks associated with our dependence on key personnel whose continued service is not guaranteed; and
- the other risk factors identified in our most recently filed Annual Report on Form 10-K, including those described under the caption “Risk Factors.”

Boston Properties does not undertake a duty to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



Non-GAAP Financial Measures & Other Definitions

This section contains an explanation of certain non-GAAP financial measures to which we may refer to during this investor conference, as well as the reasons why management believes these measures provide useful information to investors about the Company's financial condition or results of operations. Additional detail can be found in the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q, as well as other documents filed with or furnished to the SEC from time to time.

Fixed Charge Ratio

Fixed charge ratio is calculated by the Company as Adjusted EBITDA divided by Fixed Charges. This ratio is presented by the Company because it provides investors and others an additional means of comparing our ability to service debt obligations to that of other companies. Adjusted EBITDA is defined by the Company as net income attributable to the Company plus (1) interest expense (including the Company's share from unconsolidated joint ventures), depreciation and amortization (including the Company's share from unconsolidated joint ventures), non-cash stock compensation expense, loss (gain) from suspension of development, net derivative losses, losses (gains) from investments in securities, losses from early extinguishments of debt, adjustments for noncontrolling interests and impairment at the unconsolidated joint venture level, less (2) straight-line rent (including the Company's share from unconsolidated joint ventures), fair value lease revenue (including the Company's share from unconsolidated joint ventures), income from discontinued operations and gains on sales of real estate. Fixed Charges is the sum of interest expense (including the Company's share from unconsolidated joint venture expense), capitalized interest, capital expenditures and preferred distributions, less non-cash interest expense under ASC 470-20 (formerly known as FSP ABP 14-1). A reconciliation of Adjusted EBITDA to net income attributable to Boston Properties, Inc. and a calculation of the Fixed Charge Ratios are as follows:

Non-GAAP Financial Measures & Other Definitions (cont.)

	Years ended December 31, (dollars in thousands)			
	<u>Q2 2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	\$79,145	\$749,811	\$289,650	272,679
Add:				
Interest expense	110,977	447,240	413,564	394,131
Interest expense from unconsolidated joint ventures	3,349	61,259	127,430	129,471
Depreciation and amortization (incl. unconsolidated joint venture share)	159,272	610,352	542,753	541,791
Non-cash compensation expense	6,519	45,155	29,679	29,672
Losses (gains) from investments in securities	(662)	(2,911)	(1,389)	443
Losses from early extinguishments of debt	-	122	4,453	1,494
Noncontrolling interests	8,883	91,629	42,489	41,147
Impairment loss	-	8,306	-	-
Preferred distribution	320			
Less:				
Income from discontinued operations	-	137,792	46,683	10,876
Gains on sales of real estate	-	385,991	-	-
EBITDA	\$367,803	\$1,487,180	\$1,401,946	\$1,399,952
Add:				
Straight line ground rent expense	1,708	7,156	10,546	4,157
Less:				
Straight-line rent (including unconsolidated joint venture share)	10,672	64,722	84,572	90,123
Fair value lease revenue (including unconsolidated joint venture share)	7,425	43,598	68,340	81,009
Adjusted EBITDA	\$351,414	\$1,386,016	\$1,259,580	\$1,232,977

Non-GAAP Financial Measures & Other Definitions (cont.)

	<u>Q2 2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Fixed charge				
Interest expense	\$110,977	\$447,240	\$413,564	\$394,131
BXP share of unconsolidated joint venture interest expense	3,349	61,259	127,430	129,471
Capitalized interest	14,877	68,152	44,278	48,178
Non-cash interest expense	7,630	-6,889	-31,743	-38,450
Recurring Capital expenditures (including unconsolidated joint venture share)	10,509	53,096	24,670	33,344
Preferred distributions	2,938	14,103	3,497	3,339
Total fixed charges	<u>\$150,280</u>	<u>\$636,961</u>	<u>\$581,696</u>	<u>\$570,013</u>
Fixed charge ratio	2.34	2.18	2.17	2.16

Non-GAAP Financial Measures & Other Definitions (cont.)

Net Debt to EBITDA

Net Debt to EBITDA is calculated by the Company by dividing Net Debt by EBITDA. This ratio is presented by the Company because it provides investors and others with additional means of comparing our credit strength to other companies. For this purpose, Net Debt is defined as (1) our Total Consolidated Debt plus our share of Unconsolidated Joint Venture Debt less (2) our unrestricted cash balance. EBITDA is defined as net income or loss attributable to the Company before interest income and expense and depreciation and amortization (in each case including the Company's share from unconsolidated joint ventures). For partial years, EBITDA is annualized.

	Years ended December 31, (dollars in thousands)			
	<u>Q2 2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Consolidated Debt	10,558,609	11,341,508	8,912,369	8,704,138
BXP's Share of Unconsolidated Joint Venture Debt	328,711	329,188	1,445,346	1,433,687
Total debt	10,887,320	11,670,696	10,357,715	10,137,825
Less:				
Cash balance	1,036,576	2,365,137	1,041,978	1,823,208
Net Debt	9,850,744	9,305,559	9,315,737	8,314,617
EBITDA	1,471,212	1,487,180	1,259,580	1,232,977
Net Debt to GAAP EBITDA	6.7	6.3	6.6	5.9

Non-GAAP Financial Measures & Other Definitions (cont.)

Funds from Operations

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”), we calculate Funds from Operations, or “FFO,” by adjusting net income (loss) attributable to Boston Properties, Inc. (computed in accordance with GAAP, including non-recurring items) for gains (or losses) from sales of properties, impairment losses on depreciable real estate of consolidated entities, impairment losses on investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated joint ventures, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure. The use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Management generally considers FFO to be a useful measure for reviewing our comparative operating and financial performance because, by excluding gains and losses related to asset sales (land and property), impairment losses and real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one compare the operating performance of a company’s real estate between periods or as compared to different companies. Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently.

FFO should not be considered as an alternative to net income attributable to Boston Properties, Inc. (determined in accordance with GAAP) as an indication of our performance. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that to further understand our performance, FFO should be compared with our reported net income attributable to Boston Properties, Inc. and considered in addition to cash flows determined in accordance with GAAP, as presented in our consolidated financial statements.

Non-GAAP Financial Measures & Other Definitions (cont.)

Funds Available for Distribution (FAD)

In addition to FFO, we present Funds Available for Distribution (FAD) by (1) adding to FFO non-real estate depreciation, fair value interest adjustment, losses from early extinguishments of debt, ASC 470-20 (formerly known as FSP APB 14-1) interest expense adjustment, non-cash stock-based compensation expense, and partners' share of joint venture 2nd generation tenant improvement and leasing commissions (included in the period in which the lease commences), (2) eliminating the effects of straight-line rent and fair value lease revenue, (3) subtracting: recurring capital expenditures; hotel improvements, equipment upgrades and replacements; and 2nd generation tenant improvement and leasing commissions (included in the period in which the lease commences); and (4) subtracting from FFO non-cash termination adjustment. Although our FAD may not be comparable to that of other REITs and real estate companies, we believe it provides a meaningful indicator of our ability to fund cash needs and to make cash distributions to equity owners. In addition, we believe that to further understand our liquidity, FAD should be compared with our cash flows determined in accordance with GAAP, as presented in our consolidated financial statements. FAD does not represent cash generated from operating activities determined in accordance with GAAP, and FAD should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP), or as a measure of our liquidity.

Total Consolidated Debt to Total Consolidated Market Capitalization Ratio

Total consolidated debt to total consolidated market capitalization ratio, defined as total consolidated debt as a percentage of the market value of our outstanding equity securities plus our total consolidated debt, is a measure of leverage commonly used by analysts in the REIT sector. Total consolidated market capitalization is the sum of (A) our total consolidated indebtedness outstanding plus (B) the market value of our outstanding equity securities calculated using the closing price per share of common stock of the Company multiplied by the sum of (1) outstanding shares of common stock of the Company, (2) outstanding common units of limited partnership interest in Boston Properties Limited Partnership (excluding common units held by the Company), (3) common units issuable upon conversion of all outstanding Series Two Preferred Units of partnership interest in Boston Properties Limited Partnership (all of which have been converted as of May 12, 2014), and (4) common units issuable upon conversion of all outstanding LTIP Units, assuming all conditions have been met for the conversion of the LTIP Units plus (C) outstanding Series Four Preferred Units of partnership interest in Boston Properties Limited Partnership multiplied by the fixed liquidation preference of \$50 per unit plus (D) outstanding shares of 5.25% Series B Cumulative Redeemable Preferred Stock multiplied by the fixed liquidation preference of \$2,500 per share. The calculation of total consolidated market capitalization does not include LTIP Units issued in the form of performance-based awards (OPP Awards and MYLTIP Awards) because, unlike other LTIP Units, they are not earned until certain performance thresholds are achieved. We are presenting this ratio because our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Investors should understand that our total consolidated debt to total consolidated market capitalization ratio is in part a function of the market price of the common stock of the Company, and as such will fluctuate with changes in such price and does not necessarily reflect our capacity to incur additional debt to finance our activities or our ability to manage our existing debt obligations. However, for a company like ours, whose assets are primarily income-producing real estate, the total consolidated debt to total consolidated market capitalization ratio may provide investors with an alternate indication of leverage, so long as it is evaluated along with the ratio of indebtedness to other measures of asset value used by financial analysts and other financial ratios, as well as the various components of our outstanding indebtedness.

Non-GAAP Financial Measures & Other Definitions (cont.)

Total Combined Debt to Total Combined Market Capitalization Ratio

Total adjusted debt to total adjusted market capitalization ratio, defined as total adjusted debt (which equals our total consolidated debt, plus our share of unconsolidated joint venture debt, minus our joint venture partners' share of consolidated debt) as a percentage of the market value of our outstanding equity securities plus our total adjusted debt, is an alternative measure of leverage used by some analysts in the REIT sector. Total adjusted market capitalization is the sum of (A) our total adjusted debt plus (B) the market value of our outstanding equity securities calculated using the closing price per share of common stock of the Company multiplied by the sum of (1) outstanding shares of common stock of the Company, (2) outstanding common units of limited partnership interest in Boston Properties Limited Partnership (excluding common units held by the Company), (3) common units issuable upon conversion of all outstanding Series Two Preferred Units of partnership interest in Boston Properties Limited Partnership (all of which have been converted as of May 12, 2014) and (4) common units issuable upon conversion of all outstanding LTIP Units, assuming all conditions have been met for the conversion of the LTIP Units plus (C) outstanding Series Four Preferred Units of partnership interest in Boston Properties Limited Partnership multiplied by the fixed liquidation preference of \$50 per unit plus (D) outstanding shares of 5.25% Series B Cumulative Redeemable Preferred Stock multiplied by the fixed liquidation preference of \$2,500 per share. The calculation of total adjusted market capitalization does not include performance-based awards because, unlike other LTIP Units, they are not earned until certain performance thresholds are achieved.

We present this ratio because, following the consolidation of 767 Venture, LLC (the entity that owns 767 Fifth Avenue (The GM Building)) effective June 1, 2013, our consolidated debt increased significantly compared to prior periods even though our economic interest in 767 Venture, LLC remained substantially unchanged. We believe the presentation of total adjusted debt may provide investors with a more complete picture of our share of consolidated and unconsolidated debt. In addition, in light of the difference between our total consolidated debt and our total adjusted debt, we believe that also presenting our total adjusted debt to total adjusted market capitalization may provide investors with a more complete picture of our leverage in relation to the overall size of our company. Investors should understand that our total adjusted debt to total adjusted market capitalization ratio is in part a function of the market price of the common stock of the Company, and as such will fluctuate with changes in such price and does not necessarily reflect our capacity to incur additional debt to finance our activities or our ability to manage our existing debt obligations. The total adjusted debt to total adjusted market capitalization ratio should be evaluated along with the ratio of indebtedness to other measures of asset value used by financial analysts and other financial ratios, as well as the various components of our outstanding indebtedness.

Non-GAAP Financial Measures & Other Definitions (cont.)

Consolidated Net Operating Income (NOI)

Consolidated NOI is a non-GAAP financial measure equal to net income attributable to Boston Properties, Inc., the most directly comparable GAAP financial measure, plus net income attributable to noncontrolling interests, less discontinued operations, plus corporate general and administrative expense, transaction costs, depreciation and amortization and interest expense, less development and management services income, income from unconsolidated joint ventures, gains on consolidation of joint ventures, interest and other income, gains from investments in securities and gains from early extinguishments of debt. In some cases we also present Consolidated NOI on a cash basis, which is Consolidated NOI after eliminating the effects of straight-lining of rent and fair value lease revenue and lease transaction costs which qualify as inducements according with GAAP. We use Consolidated NOI internally as a performance measure and believe Consolidated NOI provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. Therefore, we believe Consolidated NOI is a useful measure for evaluating the operating performance of our real estate assets. Our management also uses Consolidated NOI to evaluate regional property level performance and to make decisions about resource allocations. Further, we believe Consolidated NOI is useful to investors as a performance measure because, when compared across periods, Consolidated NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and development activity on an unleveraged basis, providing perspective not immediately apparent from net income. Consolidated NOI excludes certain components from net income in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset and is often incurred at the corporate level as opposed to the property level. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. Consolidated NOI presented by us may not be comparable to Consolidated NOI reported by other REITs that define Consolidated NOI differently. We believe that in order to facilitate a clear understanding of our operating results, Consolidated NOI should be examined in conjunction with net income as presented in our consolidated financial statements. Consolidated NOI should not be considered as an alternative to net income as an indication of our performance or to cash flows as a measure of our liquidity or ability to make distributions.

Non-GAAP Financial Measures & Other Definitions (cont.)

Combined Net Operating Income (NOI)

Combined NOI is a non-GAAP financial measure equal to Consolidated NOI plus our share of net operating income from unconsolidated joint ventures. In some cases we also present Combined NOI on a cash basis, which is Combined NOI after eliminating the effects of straight-lining of rent and fair value lease revenue. In addition to Consolidated NOI, we use Combined NOI internally as a performance measure and believe Combined NOI provides useful information to investors regarding our financial condition and results of operations because it includes the impact of our unconsolidated joint ventures, which have become significant. Therefore, we believe Combined NOI is a useful measure for evaluating the operating performance of all of our real estate assets, including those held by our unconsolidated joint ventures. Our management also uses Combined NOI to evaluate regional property level performance and to make decisions about resource allocations. Further, like Consolidated NOI, we believe Combined NOI is useful to investors as a performance measure because, when compared across periods, Combined NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and development activity on an unleveraged basis, providing perspective not immediately apparent from net income. Combined NOI presented by us may not be comparable to Combined NOI reported by other REITs that define Combined NOI differently. We believe that in order to facilitate a clear understanding of our operating results, Combined NOI should be examined in conjunction with net income as presented in our consolidated financial statements. Combined NOI should not be considered as an alternative to net income as an indication of our performance or to cash flows as a measure of our liquidity or ability to make distributions.

In-Service Properties

We treat a property as being "in-service" upon the earlier of (i) lease-up and completion of tenant improvements or (ii) one year after cessation of major construction activity under GAAP. The determination as to when a property should be treated as "in-service" involves a degree of judgment and is made by management based on the relevant facts and circumstances of the particular property. For portfolio operating and occupancy statistics we specify a single date for treating a property as "in-service" which is generally later than the date the property is partially placed in-service for GAAP. Under GAAP a property may be placed in service in stages as construction is completed and the property is held available for occupancy. In accordance with GAAP, when a portion of a property has been substantially completed and occupied or held available for occupancy, we cease capitalization on that portion, though we may not treat the property as being "in-service," and continue to capitalize only those costs associated with the portion still under construction. In-service properties include properties held by our unconsolidated joint ventures. In-service Office and Office/Technical properties exclude hotel and residential properties.

Same Properties

In our analysis of NOI, particularly to make comparisons of NOI between periods meaningful, it is important to provide information for properties that were in-service and owned by us throughout each period presented. We refer to properties acquired or placed in-service prior to the beginning of the earliest period presented and owned by us through the end of the latest period presented as "Same Properties." "Same Properties" therefore exclude properties placed in-service, acquired, repositioned, or in development or redevelopment after the beginning of the earliest period presented or disposed of prior to the end of the latest period presented. Accordingly, it takes at least one year and one quarter after a property is acquired or treated as "in-service" for that property to be included in "Same Properties." "Same Properties NOI" includes our share of net operating income from unconsolidated joint ventures.

Non-GAAP Financial Measures & Other Definitions (cont.)

Annualized Revenue

Rental obligations at the end of the reporting period, including contractual base rents, percentage rent and reimbursements from tenants under existing leases, multiplied by twelve. These annualized amounts exclude rent abatements and non-recurring items.

Future Annualized Revenue

Rental obligations including the sum of (i) contractual base rents at lease expiration and (ii) percentage rent and reimbursements from tenants at the end of the current reporting period, multiplied by twelve. These annualized amounts exclude rent abatements and non-recurring items.

Average Monthly Rental Rates

Average Rental Rates are calculated by the Company as rental revenue in accordance with GAAP, divided by the weighted monthly average number of occupied units.

Average Economic Occupancy

Average Economic Occupancy is defined as total possible revenue less vacancy loss as a percentage of total possible revenue. Total possible revenue is determined by valuing average occupied units at contract rates and average vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant units at their Market Rents, Average Economic Occupancy takes into account the fact that units of different sizes and locations within a residential property have different economic impacts on a residential property's total possible gross revenue.

Market Rents

Market Rents used by the Company in calculating Average Economic Occupancy are based on the current market rates set by the managers of the Company's residential properties based on their experience in renting their residential property's units and publicly available market data. Trends in market rents for a region as reported by others could vary. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

Average Physical Occupancy

Average Physical Occupancy is defined as the number of average occupied units divided by the total number of units, expressed as a percentage.

Non-Controlling Interest Share of Cash NOI

CONSOLIDATED JOINT VENTURES

Income Statements

(unaudited and in thousands)
for the three months ended June 30, 2014

BXP's nominal ownership percentage

	60.00%	55.00%	95.00%	50.00%	50.00%	Total Consolidated
	767 Fifth Avenue	Times Square	Salesforce	Fountain	505 9th	Joint Ventures
	(The GM Building)	Tower	Tower	Square	Street	
REVENUE						
Rental income	\$ 63,270	\$ 23,518	\$ -	\$ 8,916	\$ 5,589	\$ 101,293
Straight-line rent	4,127	(210)	-	454	126	4,497
Fair value lease revenue	5,463	-	-	(73)	-	5,390
Parking and other	1,111	204	-	3	523	1,841
Total revenue	73,971	23,512	-	9,300	6,238	113,021
EXPENSES						
Operating	23,147	4,098	-	2,914	2,294	32,453
NET OPERATING INCOME	50,824	19,414	-	6,386	3,944	80,568
Management services income	(251)	(113)	-	(3)	-	(367)
Interest	23,865	-	-	3,087	1,772	28,724
Interest other - partner notes	6,965	-	-	-	-	6,965
Fair value interest expense	(10,792)	-	-	(1,613)	-	(12,405)
Depreciation and amortization	30,087	4,113	-	4,962	772	39,934
Other	-	-	-	-	-	-
SUBTOTAL	49,874	4,000	-	6,433	2,544	62,851
NET INCOME/(LOSS)	\$ 950	\$ 15,414	\$ -	\$ (47)	\$ 1,400	\$ 17,717
Net Operating Income	\$ 50,824	\$ 19,414	\$ -	\$ 6,386	\$ 3,944	\$ 80,568
Less Straight-line Rent	\$ (4,127)	\$ 210	\$ -	\$ (454)	\$ (126)	\$ (4,497)
Less Fair value lease revenue	\$ (5,463)	\$ -	\$ -	\$ 73	\$ -	\$ (5,390)
Cash Net Operating Income	\$ 41,234	\$ 19,624	\$ -	\$ 6,005	\$ 3,818	\$ 70,681
Partner's Share of Cash Net Operating Income	\$ 16,494	\$ 8,831	\$ -	\$ 3,003	\$ 1,909	\$ 30,236
Partner's Share of Management Fees	\$ (726)	\$ (168)	\$ -	\$ (111)	\$ (93)	\$ (1,098)
Cash Net Operating Income to Partner's after Management Fees	\$ 15,767	\$ 8,663	\$ -	\$ 2,892	\$ 1,817	\$ 29,138
Annualized Net Operating Income to Partners after Management Fees	\$ 63,069	\$ 34,652	\$ -	\$ 11,566	\$ 7,266	\$ 116,553

Non-Controlling Interest Share of Cash NOI

Reconciliation of partners' noncontrolling interest (NCI)

Add back depreciation & amortization - BXP basis difference	\$ 3	\$ 7	\$ -	\$ 6	\$ (11)	\$ 5
Add back partners' share of partner loan interest	6,965	-	-	-	-	6,965
Partners' net income/(loss) before interest allocation	184,989	106,647	-	29,318	19,924	340,878
Partners' NCI share of net income	73,996	47,992	-	14,659	9,962	146,608
Partners' share of partner loan interest	(6,965)	-	-	-	-	(6,965)
Allocation of management and other fees to non-controlling partner	(726)	(168)	-	(111)	(93)	(1,098)
Accretion and adjustments	-	-	-	4,835 (3)	-	4,835
Partners' NCI	<u>\$ 66,304</u>	<u>\$ 47,823</u>	<u>\$ -</u>	<u>\$ 19,382</u>	<u>\$ 9,870</u>	<u>\$ 143,380</u>

Reconciliation of partners' share of FFO

Net income/(loss)	\$ 950	\$ 15,414	\$ -	\$ (47)	\$ 1,400	\$ 17,717
Add back depreciation & amortization	30,087	4,113	-	4,962	772	39,934
Entity FFO	31,037	19,527	-	4,915	2,172	57,651
Partners' share of net income/(loss)	380	6,937	-	(23)	700	7,994
Partners' share of partner loan interest not in partner's share of entity FFO	(4,179)	-	-	-	-	(4,179)
Allocation of management and other fees to non-controlling partner	(726)	(168)	-	(111)	(93)	(1,098)
Partners' share of depreciation and amortization	12,036	1,851	-	-	386	14,273
Accretion and adjustments	-	-	-	4,835 (3)	-	4,835
Partners' share FFO	<u>\$ 7,511</u>	<u>\$ 8,620</u>	<u>\$ -</u>	<u>\$ 4,701</u>	<u>\$ 993</u>	<u>\$ 21,825</u>

Reconciliation of BXP share of FFO

BXP share of net income/(loss) adjusted for partners' NCI	(65,354)	(32,409)	-	(19,429) (3)	(8,470)	(125,663)
Depreciation & amortization - BXP basis difference	3	7	-	6	(11)	5
Other adjustment (4)	54	4	-	3	-	61
BXP share of depreciation & amortization	18,050	2,258	-	4,956 (3)	392	25,656
BXP share of FFO	<u>\$ (47,248)</u>	<u>\$ (30,141)</u>	<u>\$ -</u>	<u>\$ (14,465)</u>	<u>\$ (8,089)</u>	<u>\$ (99,941)</u>

Unearned portion of capitalized fees (4)	<u>\$ 1,731</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 1,838</u>
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(1) BXP equity adjusted for related party notes and accrued interest that are allocated to our partners through NCI.

(2) Amount excludes preferred shareholders capital of \$0.1 million.

(3) The allocation of net income and FFO to the NCI partner reflects the accretion to their redemption value, which is expected to occur in Q1 2016. Q2 2014 includes prior period adjustments totaling \$2.4 million.

(4) Capitalized fees are eliminated in consolidation and recognized in FFO over the life of the asset as depreciation and amortization are added back to the Company's net income.

Boston Properties 2014 Investor Conference

September 23, 2014



Premier Properties. Core Markets. Experienced Leadership.