

# **BXP Business Update**

June 2020

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions, in each case, to the extent applicable. We caution investors that any such forward-looking statements are based on current beliefs or expectations of future events and on assumptions made by, and information currently available to, our management. When used, the words “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “should,” “will” and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance or occurrences, which may be affected by known and unknown risks, trends, uncertainties and factors that are, in some cases, beyond our control. Should one or more of these known or unknown risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied by the forward-looking statements. We caution you that, while forward-looking statements reflect our good-faith beliefs when we make them, they are not guarantees of future performance or occurrences and are impacted by actual events when they occur after we make such statements. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

One of the most significant factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements is the ongoing impact of the global COVID-19 pandemic on the U.S. and global economies, which has impacted, and is likely to continue to impact, us and, directly or indirectly, many of the other important factors and risks described in (i) our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 including those described under the caption “Risk Factors,” (ii) the risk factors set forth in our Quarterly Report on Form 10-Q in Part II, Item 1A [for the period ended March 31, 2020](#), and (iii) our subsequent filings under the Exchange Act. [See Appendix](#).

## Use of Non-GAAP Financial Measures and Other Definitions

This presentation contains certain non-GAAP financial measures within the meaning of Regulation G and other terms that have particular definitions when used by the Company. The Company’s definitions may differ from those used by other companies and, therefore, may not be comparable. The definitions of these terms and, if applicable, the reasons for their use and reconciliations to the most directly comparable GAAP measures are included in the [Appendix](#).

# BXP Snapshot:

## Differentiated Model with Long-Term Advantages

### QUALITY



- Highest quality office portfolio across five markets with strong historical employment growth
- Investment grade rating (A-/Baa1)
- Proven, trusted corporate leadership team and regional management
- Modern portfolio of new or recently refreshed assets

### AGILITY



- Diverse tenants across sectors and geographies to capture growth and minimize risk
- Modest leverage with substantial liquidity
- A rich history of developing, acquiring and divesting of assets to maximize shareholder value in all economic cycles

### DURABILITY



- Track record of FFO growth (11% FFO growth in 2019)
- Durable cash flow stream with 8-year, weighted-average lease term<sup>1</sup>
- Strong collections during pandemic – collected 98% of office rents and 94% total collections in June<sup>2</sup>
- Pipeline of pre-leased developments



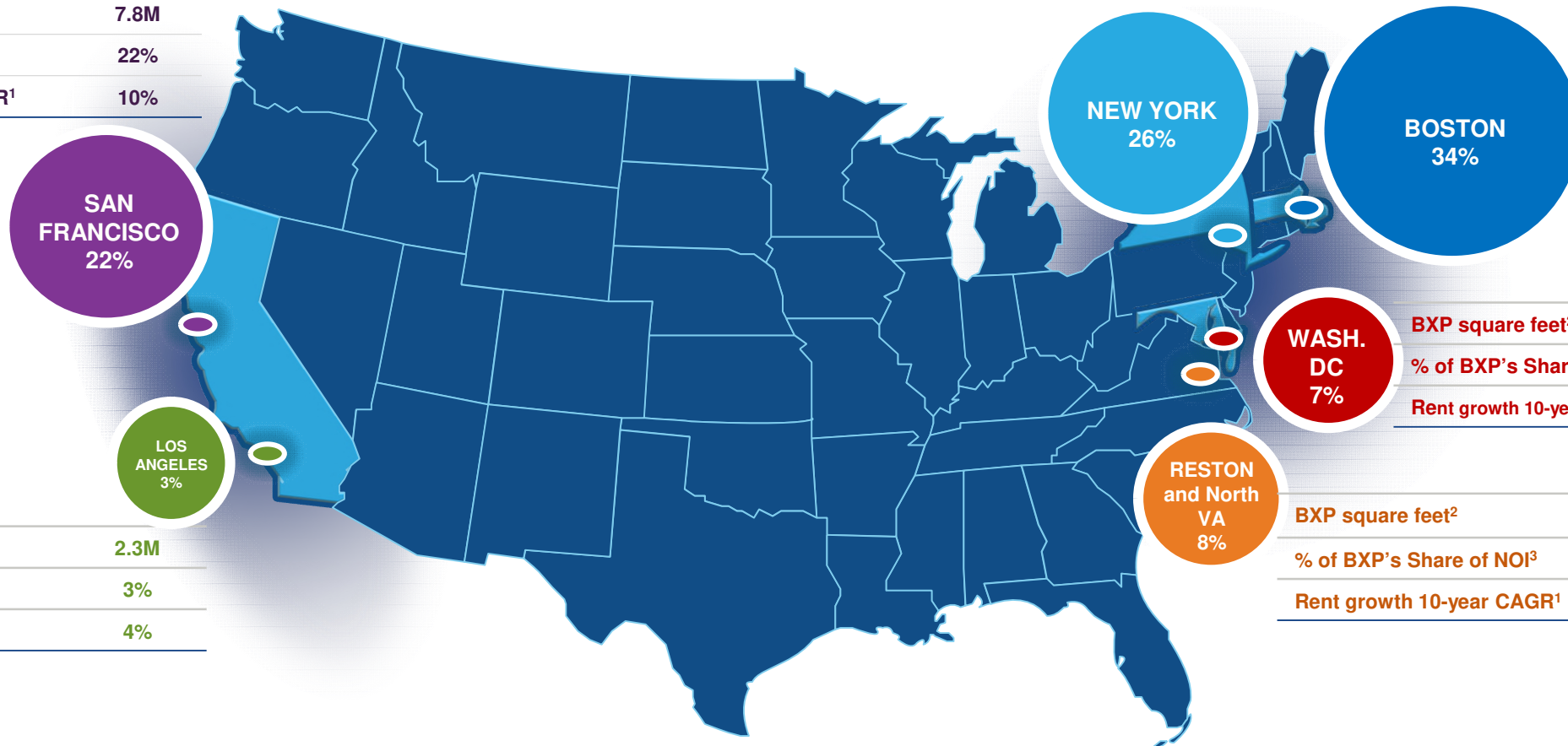


# BXP Markets:

Focus on Growing Gateway Regions - Average 10-year CAGR of 5%

1

BXP square feet <sup>2</sup>	7.8M
% of BXP's Share of NOI <sup>3</sup>	22%
Rent growth 10-year CAGR <sup>1</sup>	10%



1. Represents market square footage and market rent growth as defined and projected by Econometrics Advisors, ("CBRE EA"). Boston region includes the Total Boston Metro market as defined by CBRE EA; Los Angeles represents the West LA market as defined by CBRE EA and includes all submarkets indicated on slide 32; New York region represents New York Midtown and includes Total NYC Metro markets plus Trenton Submarket (Princeton), each as defined by CBRE EA; San Francisco includes Total San Francisco and San Jose Metro markets, each as defined by CBRE EA; Washington, DC includes all Washington, DC CBD submarkets as defined by CBRE EA and BXP active submarkets in Maryland (Bethesda/Chevy Chase and Rockville); and Reston and North Virginia submarket as defined by CBRE EA and represents BXP active submarkets only (Reston, Herndon, Springfield).

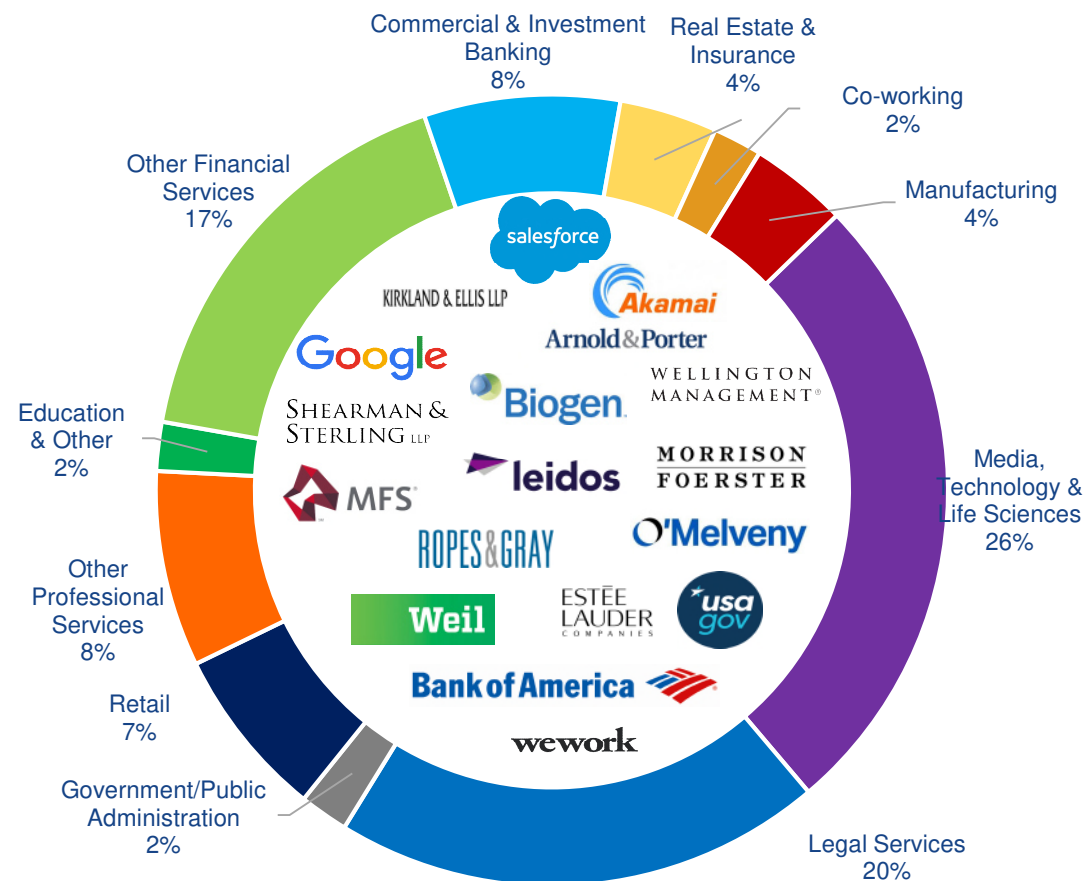
2. Includes 100% of consolidated and unconsolidated joint venture properties.

3. Excludes termination income. See Appendix.

# BXP Strengths in the Current Environment

- 86% of revenue<sup>1</sup> comes from office rents
- Long average lease term results in modest annual rollover
  - 5% in 2020, 7% in 2021
- 92.9% occupancy<sup>2</sup>
- In-place rents below market
- Fully-funded pipeline of \$2.9 billion of new developments<sup>3</sup>
  - 73% leased<sup>4</sup>
  - Projected 7% projected weighted-average stabilized unleveraged cash return<sup>4</sup>
- Strong balance sheet with \$3.3 billion of liquidity<sup>5</sup>

## Industry Diversification<sup>6</sup> BXP's Share of Annualized Rental Obligations as of 3/31/20



1. Represents percentage of consolidated revenue for the quarter ended 3/31/20

2. Includes 100% of consolidated and unconsolidated properties. Excludes residential and hotel properties.

3. Represents BXP's Share of estimated total investment, including income (loss) and interest carry during development. For additional information, refer to the "Active Development Pipeline" page of the Q1 2020 IR Investor Materials which can be found here.

4. Excludes residential units. As of May 5, 2020

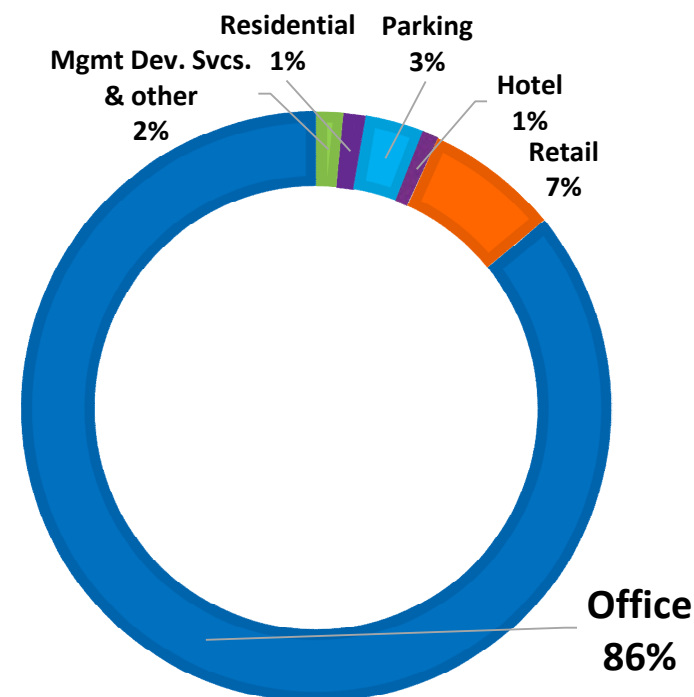
5. Includes the May 5, 2020 unsecured debt issuance of \$1.25B inclusive of the May 5, 2020 repayment of the \$250M borrowings outstanding under Revolving Credit Facility.

6. Represents industry diversification percentages based on BXP's Share of Annualized Rental Obligations.

# Near-Term Pandemic Impact on BXP

- Portfolio:
  - Re-population occurring across the majority of BXP markets
  - Implemented market-leading health security measures
- Rents:
  - Office rents comprise 86% of total revenue<sup>1</sup> – June collections 98%<sup>2</sup>
  - Retail represents 7% of revenue<sup>1</sup> – lower rate of collections
  - Hotel represents 1% of revenue<sup>1</sup> - currently closed
  - Parking represents 3% of revenue<sup>1</sup> – short-term reduction in demand
- Leasing and Renewal activity:
  - Approx. 915,000 square feet of recently-completed new leases and renewals since 3/31
    - 400,000 sf lease with Microsoft in Reston, VA
  - Increases in renewals as tenants can't complete alternative space build outs
- Construction:
  - Active developments: Construction has resumed in all BXP markets
  - Development deliveries: BXP budgets have sufficient cushion to withstand prior delays
  - New construction: Expect a pause in new speculative development in BXP markets

Q1 2020 Total Revenue by Source<sup>3</sup>



1. Represents percentage of consolidated revenue for the quarter ended 3/31/20

2. Percent of rent due June 1 that has been collected from office tenants as of June 27, 2020.

3. Based on consolidated revenue for the quarter ended 3/31/20



# BXP's Long-Term Perspective: Future of Office

## Demand:

- Tech, life sciences and related growth sectors are predicated on constant innovation (talent)
- Growth sectors require skilled young workers who seek vibrant, collaborative, creative environments
- Professional services and financial services provide stable base of demand

## Work-From-Home (WFH):

- Pre-COVID, 70% of corporates had WFH policies in place
- Companies with WFH policies still require office space
- Efficiency, creativity, mentoring and culture are difficult to achieve in a WFH model
- Gensler Research Institute Survey (2300 U.S. workers): Minimal 2% increase in workers who prefer to work from home full-time as compared to pre-COVID.

## Location:

- Urban environments overcome event driven shocks (Hurricane Sandy, 9/11 etc.)
- Corporates prefer locations that offer access to large numbers of skilled employees
- Gen Z is entering prime working age and typically favors urban living

## Densification:

- Majority of clients are actively working on a re-occupancy plan
- Short-term companies are spreading out employees and will have less dense environments
- Longer-term further densification from current levels is unlikely and may reverse to allow more spacing



# Executive and Expert Perspective: The Future of Office

The headlines vs. the frontlines – large employers state the importance of office, urban coastal cities

**Morgan Stanley CEO, James Gorman** (*MS Financials Conference Transcript*)

“I made... an obvious statement that we learned how to have all of our employees working from home... That then became the most quoted line I think I have had in my career, which does shows you, in times of stress, people will hang on to anything and draw their conclusion that **somehow Morgan Stanley is going to move out major cities or shut its locations. No, we are not. That’s ridiculous. The vast majority of our employees, [and] the vast majority of their time [will] continue to work in offices.**”

**Google CEO, Sundar Pichai** (*Wired*)

Google is in the midst of big office expansions. **“In all scenarios I expect us to need physical spaces to get people together, absolutely. We have a lot of growth planned ahead,”** he said. “So even if there is some course correction, I don’t think our existing footprint is going to be the issue.”

**Microsoft CEO, Satya Nadella** (*New York Times*)

“What I miss is when you walk into a physical meeting, you are talking to the person that is next to you, you’re able to connect with them for the two minutes before and after,” he said. Nadella warned about the consequences of embracing telecommuting permanently: **“What does burnout look like? What does that connectivity and the community building look like? One of the things I feel is, hey, maybe we are burning some of the social capital we built up in this phase where we are all working remote. What’s the measure for that?”**

**Goldman Sachs Co-head of Investment Banking, John Waldron** (*CNBC*)

Waldron explained one reason they are eager to return [to the office]: **Concern that Goldman’s vaunted culture, which leans on in-person collaboration and mentorship of junior personnel, will weaken over months of remote interaction.**

**Thermo Fisher Scientific CEO, Marc Casper** (*Boston Business Journal*)

“Social distancing and reducing employee density in our offices is something that will be a norm for a while.” **Even then, remote work isn’t the permanent answer. Though employees initially were enthusiastic about working remotely, executives and their workers are increasing feeling burned out as they work longer ours with no delineation between work or home.**

**Wall Street Journal, Heard on the Street** “For Newly Remote Workers, Small Town U.S.A. Will Lose Its Allure Soon Enough” June 19, 2020

**Young people with the most valuable degrees have historically gravitated toward major coastal cities and companies with the most competitive applicant pools hire them disproportionately. More than 11% of Silicon Valley-based Google and Facebook and more than 21% of New York-based Goldman Sachs employees are Ivy League graduates** according to talent innovation company SHL. While the promise of more land, more space and less commute may sound compelling, there is the threat of boredom or, a worse fate for many, career marginalization.



# Re-population: BXP Health Security Plan

## Cleaning

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Standard Operating Procedures (SOP)

Chemicals & Methods

Non-Routine Deep Cleaning & Infection Control of Contaminated Spaces

Janitorial Training & PPE

## Air & Water Quality

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Ventilation & Air Changes

Filtration Level & Maintenance

Repopulation Operating Procedures for Air & Water Systems

Advanced Treatment Technologies

Air & Water Quality Testing

## Physical Distancing

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Occupant Density Control

Access & Elevators

Temporary Acrylic Barrier, Sneeze Guards and/or Splash Shields

Shared Conference Rooms, Amenity Spaces & Food Service

Events & Visitors

Interior Construction Activity

## Screening & PPE

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Personal Protective Equipment (PPE)

Health Screening

Hand Sanitizer

## Communications

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Communication Channels & Messaging Pre-repopulation

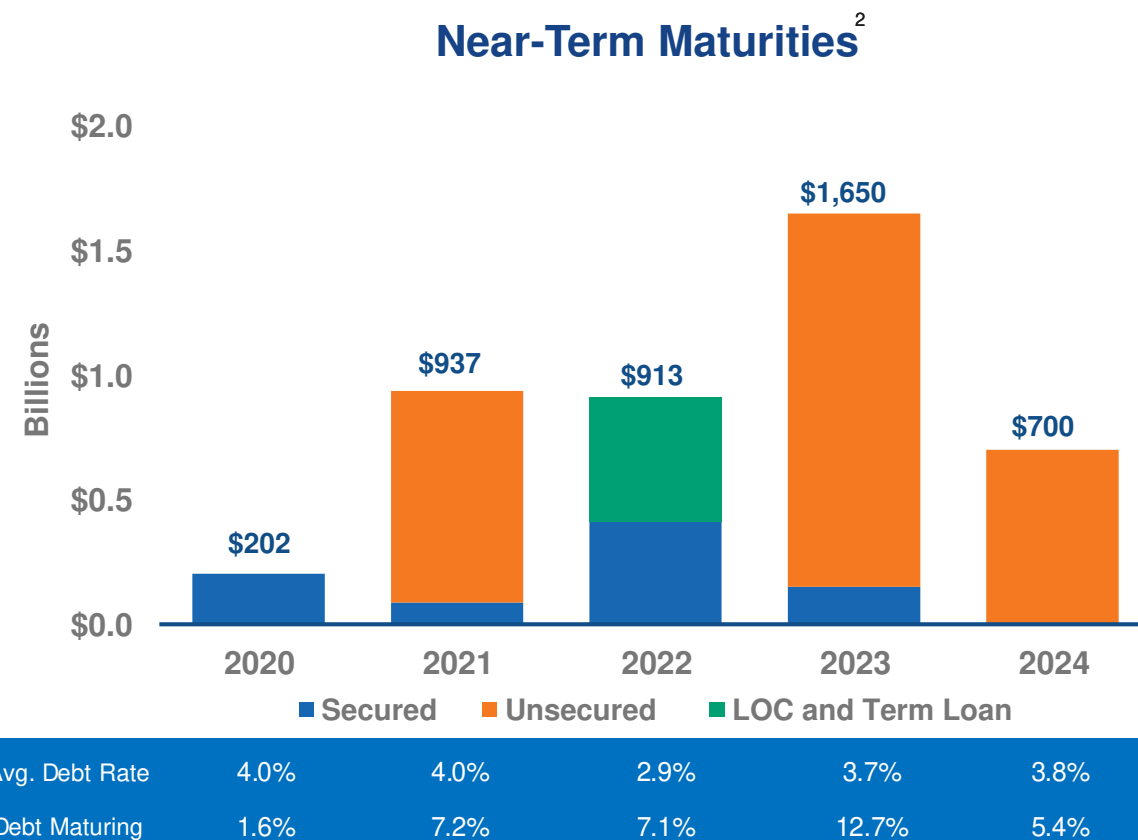
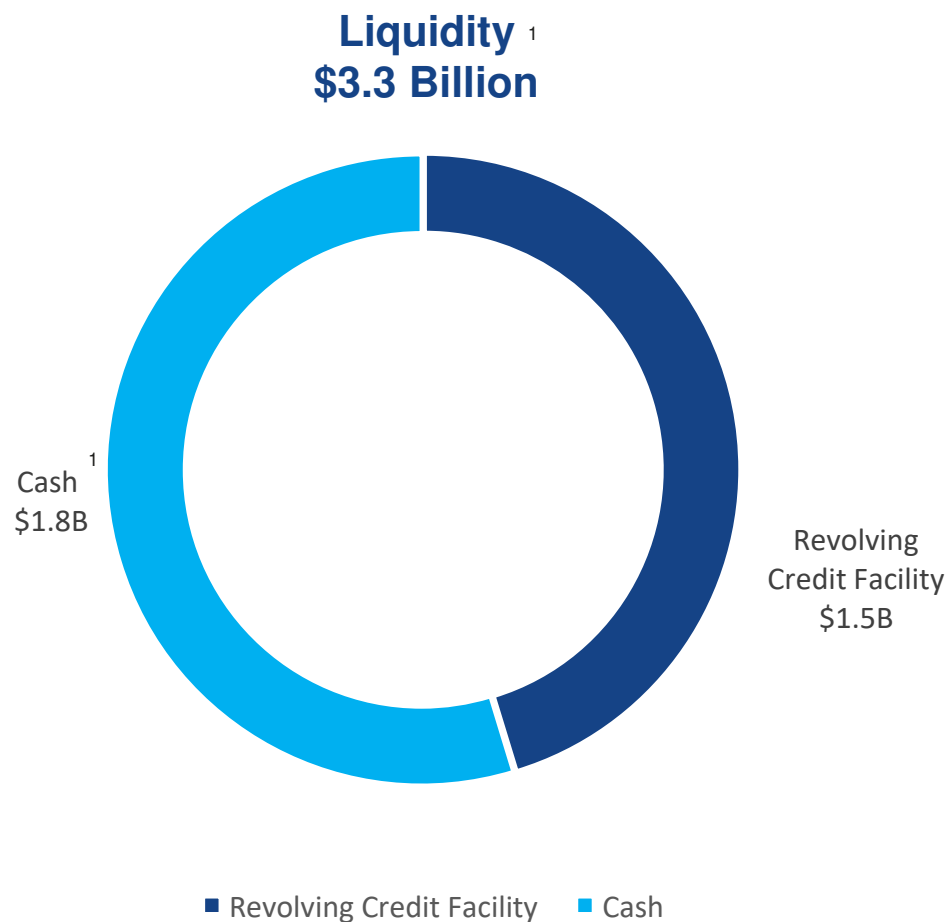
On-Premise Signage Standards

Ongoing Communication

Customer Request Transparency & Proactive Engagement

Public Statements

# BXP Liquidity and Near-Term Maturities

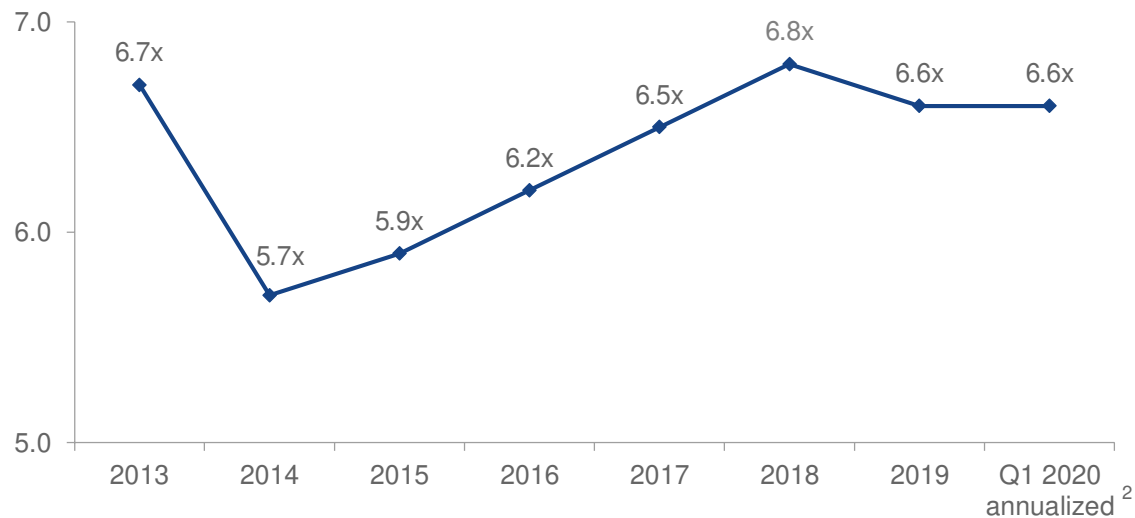


1. Represents cash and cash equivalents as of March 31, 2020, plus (1) cash held in escrow for possible use in Section 1031 exchange transaction(s) and (2) the net cash proceeds from the May 5, 2020 issuance of \$1.25 billion of 3.250% unsecured senior notes less the repayment of borrowings outstanding under the Revolving Credit Facility.

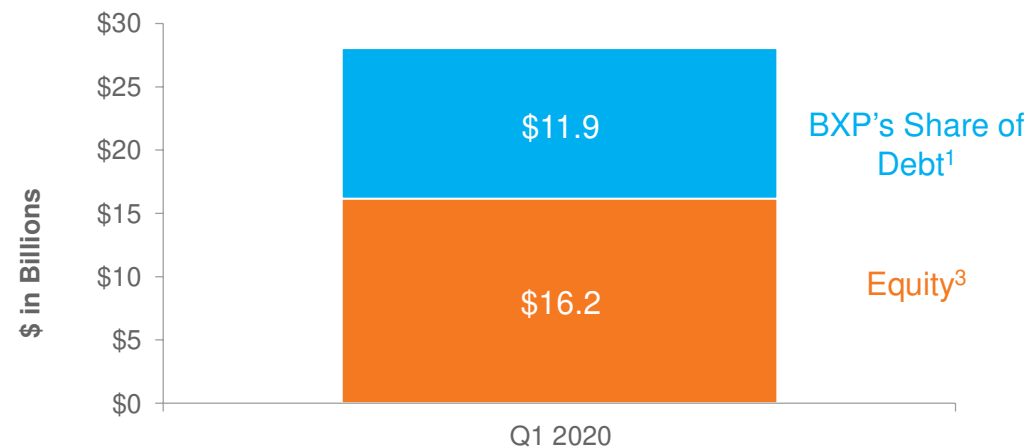
2. See Appendix. BXP's share of maturing debt inclusive of the May 5, 2020 repayment of the \$250M borrowings outstanding under Revolving Credit Facility.

# Conservative Leverage Provides Balance Sheet Capacity

**BXP's Share of Net Debt to BXP's Share of EBITDAre<sup>1</sup>**



**BXP's Share of Market Capitalization<sup>1</sup>**



	2014	2015	2016	2017	2018	2019	Q1 2020
BXP's Share of Debt to BXP's Share of Market Capitalization <sup>1</sup>	29.1%	27.5%	29.2%	30.0%	35.3%	32.6%	42.4%
Fixed Charge Coverage Ratio <sup>1</sup>	2.5x	2.7x	2.8x	3.0x	2.9x	2.8x	3.0x
FAD Payout Ratio <sup>1</sup>	64.8%	77.1%	71.4%	74.8%	80.4%	86.7%	71.9%

1. See Appendix.

2. For purposes of this ratio, BXP's Share of Annualized EBITDAre equals the product of BXP's Share of EBITDAre for Q1 2020 multiplied by four (4).

3. Consists of Common Stock, Operating Partnership Units and \$200M of Preferred Stock.

# NAV Analysis<sup>1,2</sup>

	(\$ in M)
BXP's Share of Market Capitalization <sup>1</sup>	\$28,614
Net Non-Real Estate Assets and Liabilities	146
Management Company Value	(252)
Land Held for Future Development	(265)
Estimated Present Value of Current Developments <sup>2</sup>	<u>(4,176)</u>
Implied In-Service Portfolio Value (A)	<u>\$24,067</u>
BXP's Share of Annualized NOI (excluding termination income) <sup>1</sup>	\$1,802
Non-Cash Components	(117)
Other Adjustments	<u>(47)</u>
Adjusted BXP's Share of Annualized NOI—cash (excluding termination income) <sup>1</sup> (B)	<u>\$1,638</u>
Implied Cap Rate (B÷A)	6.80%

- \$89.69 common stock price per share as of June 24, 2020
- Implied value PSF of in-service portfolio \$598<sup>1</sup>

Cap Rate Sensitivity	Implied Stock Price	Implied Premium (Discount)
4.00%	\$188.34	(52.4)%
5.00%	\$141.03	(36.4)%
6.00%	\$109.49	(18.1)%
7.00%	\$86.96	3.1%

1. See Appendix.

2. Estimated present value assumes a weighted-average stabilized BXP's Share of NOI—cash (excluding termination income) yield of 6.7% on BXP's Share of total budgeted costs, which is then valued at a 4.5% cap rate. The value of current developments is then discounted at an annual rate of 4.5% for the period through stabilization to determine present value.



# Summary: BXP Resilience

Disconnect between performance and valuation

- Highest quality office portfolio across five markets with strong historical employment demand
- Base of corporate credit tenants with long-term leases (office collections of 98% in June)
- 8.1-year average lease term<sup>2</sup>
- 92.9% Occupancy<sup>3</sup>
- Moderate annual roll-over over next 4 years
- Strong balance sheet with substantial liquidity
- Misalignment between share price, NAV and underlying business strengths

1. Percent of rent due June 1 that has been collected from office tenants as of June 27, 2020.

2. Excludes residential and hotel properties. Calculation is based on BXP's Share of annualized rental obligations. See Appendix

3. Includes 100% of consolidated and unconsolidated properties. Excludes residential and hotel properties.

4. Represents the average annual total shareholder return between March 31, 2010 and March 31, 2020.

## Highest-Quality, Multi-Market Class-A Office REIT



7% Average Annual Shareholder Return<sup>1</sup> 10-years<sup>4</sup>

# Appendix

This Presentation contains forward-looking statements within the meaning of the federal securities laws, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions, in each case, to the extent applicable. We caution investors that any such forward-looking statements are based on current beliefs or expectations of future events and on assumptions made by, and information currently available to, our management. When used, the words “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “should,” “will” and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance or occurrences, which may be affected by known and unknown risks, trends, uncertainties and factors that are, in some cases, beyond our control. Should one or more of these known or unknown risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied by the forward-looking statements. We caution you that, while forward-looking statements reflect our good-faith beliefs when we make them, they are not guarantees of future performance or occurrences and are impacted by actual events when they occur after we make such statements. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

One of the most significant factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements is the ongoing impact of the global COVID-19 pandemic on the U.S. and global economies, which has impacted, and is likely to continue to impact, us and, directly or indirectly, many of the other important factors below and the risks described in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and our subsequent filings under the Exchange Act.

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 risks and uncertainties related to the impact of the COVID-19 global pandemic, including the duration, scope and severity of the pandemic domestically and internationally; federal, state and local government actions or restrictive measures implemented in response to COVID-19, the effectiveness of such measures and the direct and indirect impact of such measures on our and our tenants' businesses, financial condition, results of operation, cash flows, liquidity and performance, and the U.S. and international economy and economic activity generally; whether new or existing actions and measures continue to result in increasing unemployment that impacts the ability of our residential tenants to generate sufficient income to pay, or make them unwilling to pay rent in a timely manner, in full or at all; the health, continued service and availability of our personnel, including our key personnel and property management teams; and the effectiveness or lack of effectiveness of governmental relief in providing assistance to individuals and large and small businesses, including our tenants, that have suffered significant adverse effects from COVID-19;
- volatile or adverse global economic and political conditions, health crises and dislocations in the credit markets could adversely affect our access to cost-effective capital and have a resulting material adverse effect on our business opportunities, results of operations and financial condition;
- 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, increased construction costs, 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 or refinance existing indebtedness, 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 the physical effects of climate change;
- risks associated with security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems, which support our operations and our buildings;
- risks associated with BXP's potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended;
- 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 for the fiscal year ended December 31, 2019 or described herein, including those under the caption "Risk Factors."



The risks set forth above are not exhaustive. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment, particularly in light of the rapidly developing circumstances relating to COVID-19. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can we assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our most recent Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q for future periods and Current Reports on Form 8-K as we file them with the SEC, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. We expressly disclaim any responsibility to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events, or otherwise, and you should not rely upon these forward-looking statements after the date of this Appendix.

This Appendix contains definitions of certain non-GAAP financial measures and other terms that the Company uses in this presentation and, where applicable, quantitative reconciliations of the differences between the non-GAAP financial measures and the most directly comparable GAAP financial measures, the reasons why management believes these non-GAAP financial measures provide useful information to investors about the Company's financial condition and results of operations and the other purposes for which management uses the measures. 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 the Company files or furnishes to the SEC from time to time.

The Company also presents "**BXP's Share**" of certain of these measures, which are non-GAAP financial measures that are calculated as the consolidated amount calculated in accordance with GAAP, plus the Company's share of the amount from the Company's unconsolidated joint ventures (calculated based upon the Company's percentage ownership interest and, in some cases, after priority allocations), minus the Company's partners' share of the amount from the Company's consolidated joint ventures (calculated based upon the partners' percentage ownership interests and, in some cases, after priority allocations, income allocation to private REIT shareholders and their share of fees due to the Company). Management believes that presenting "BXP's Share" of these measures provides useful information to investors regarding the Company's financial condition and/or results of operations because the Company has several significant joint ventures and in some cases, the Company exercises significant influence over, but does not control, the joint venture, in which case GAAP requires that the Company account for the joint venture entity using the equity method of accounting and the Company does not consolidate it for financial reporting purposes. In other cases, GAAP requires that the Company consolidate the venture even though the Company's partner(s) owns a significant percentage interest. As a result, management believes that presenting BXP Share of various financial measures in this manner can help investors better understand the Company's financial condition and/or results of operations after taking into account its true economic interest in these joint ventures. The Company cautions investors that the ownership percentages used in calculating "BXP's Share" of these measures may not completely and accurately depict all of the legal and economic implications of holding an interest in a consolidated or unconsolidated joint venture. For example, in addition to partners' interests in profits and capital, venture agreements vary in the allocation of rights regarding decision making (both routine and major decisions), distributions, transferability of interests, financing and guarantees, liquidations and other matters. As a result, presentations of "BXP's Share" of a financial measure should not be considered a substitute for, and should only be considered together with and as a supplement to, the Company's financial information presented in accordance with GAAP.

In addition, the Company presents certain of these measures on a "**Annualized**" basis, which means the measure for the applicable quarter is multiplied by four (4). Management believes that presenting "Annualized" measures allows investors to compare results of a particular quarter to the same measure for full years and thereby more easily assess trend data. However, the Company cautions investors that "Annualized" measures should not be considered a substitute for the measure calculated in accordance with GAAP and should only be considered together with and as a supplement to the Company's financial information prepared in accordance with GAAP.

### Annualized Rental Obligations

Annualized Rental Obligations is defined as monthly Rental Obligations, as of the last day of the reporting period, multiplied by twelve (12).

### Debt to Market Capitalization Ratio

**Consolidated Debt to Consolidated Market Capitalization Ratio** is a measure of leverage commonly used by analysts in the REIT sector that equals the quotient of (A) the Company's Consolidated Debt divided by (B) the Company's Consolidated Market Capitalization, presented as a percentage. **Consolidated Market Capitalization** is the sum of (x) the Company's Consolidated Debt plus (y) the market value of the Company's outstanding equity securities calculated using the closing price per share of common stock of the Company, as reported by the New York Stock Exchange, 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 LTIP Units, assuming all conditions have been met for the conversion of the LTIP Units, (4) on and after February 6, 2015, which was the end of the performance period for 2012 OPP Units and thus the date earned, common units issuable upon conversion of 2012 OPP Units that were issued in the form of LTIP Units, (5) on and after February 4, 2016, which was the end of the performance period for 2013 MYLTIP Units and thus the date earned, common units issuable upon conversion of 2013 MYLTIP Units that were issued in the form of LTIP Units, (6) on and after February 3, 2017, which was the end of the performance period for 2014 MYLTIP Units and thus the date earned, common units issuable upon conversion of 2014 MYLTIP Units that were issued in the form of LTIP Units, (7) on and after February 4, 2018, which was the end of the performance period for 2015 MYLTIP Units and thus the date earned, common units issuable upon conversion of 2015 MYLTIP Units that were issued in the form of LTIP Units, (8) on and after February 9, 2019, which was the end of the performance period for 2016 MYLTIP Units and thus the date earned, common units issuable upon conversion of 2016 MYLTIP Units that were issued in the form of LTIP Units and (9) on and after February 6, 2020, which was the end of the performance period for 2017 MYLTIP Units and thus the date earned, common units issuable upon conversion of 2017 MYLTIP Units that were issued in the form of LTIP Units plus (z) outstanding shares of 5.25% Series B Cumulative Redeemable Preferred Stock multiplied by their fixed liquidation preference of \$2,500 per share. The calculation of Consolidated Market Capitalization does not include LTIP Units issued in the form of MYLTIP Awards unless and until certain performance thresholds are achieved and they are earned. Because their three-year performance periods have not yet ended, 2018, 2019 and 2020 MYLTIP Units are not included.

The Company also presents **BXP's Share of Market Capitalization**, which is calculated in a similar manner, except that BXP's Share of Debt is utilized instead of the Company's Consolidated Debt in both the numerator and the denominator. The Company presents these ratios because its degree of leverage could affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes and because different investors and lenders consider one or both of these ratios. Investors should understand that these ratios are, 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 do not necessarily reflect the Company's capacity to incur additional debt to finance its activities or its ability to manage its existing debt obligations. However, for a company like Boston Properties, Inc., whose assets are primarily income-producing real estate, these ratios may provide investors with an alternate indication of leverage, so long as they are 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 the Company's outstanding indebtedness.

**EBITDAre**

Pursuant to the definition of Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“Nareit”), the Company calculates Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate, or “EBITDAre,” as net income (loss) attributable to Boston Properties, Inc. common shareholders, the most directly comparable GAAP financial measure, plus net income attributable to noncontrolling interests, interest expense, losses (gains) from early extinguishments of debt, depreciation and amortization expense, impairment loss and adjustments to reflect the Company's share of EBITDAre from unconsolidated joint ventures, less gains (losses) on sales of real estate, gain on sale of investment in unconsolidated joint venture, gains on consolidation of joint ventures and discontinued operations. EBITDAre is a non-GAAP financial measure. The Company uses EBITDAre internally as a performance measure and believes EBITDAre provides useful information to investors regarding its financial condition and results of operations at the corporate level because, when compared across periods, EBITDAre reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses and acquisition and development activities on an unleveraged basis, providing perspective not immediately apparent from net (loss) income attributable to Boston Properties, Inc. common shareholders.

In some cases the Company also presents (A) **BXP's Share of EBITDAre – cash**, which is BXP's Share of EBITDAre after eliminating the effects of straight-line rent (excluding the impact related to deferred revenue related to improvements to long-lived assets paid for by a tenant), fair value lease revenue and non-cash termination income adjustment (fair value lease amounts) and adding straight-line ground rent expense, stock-based compensation expense and lease transaction costs that qualify as rent inducements, and (B) **Annualized EBITDAre**, which is EBITDAre for the applicable fiscal quarter ended multiplied by four (4). Presenting BXP's Share of EBITDAre – cash allows investors to compare EBITDAre across periods without taking into account the effect of certain non-cash rental revenues, ground rent expense and stock based compensation expense. Similar to depreciation and amortization, because of historical cost accounting, fair value lease revenue may distort operating performance measures at the property level. Additionally, presenting EBITDAre excluding the impact of straight-line rent provides investors with an alternative view of operating performance at the property level that more closely reflects rental revenue generated at the property level without regard to future contractual increases in rental rates. In addition, the Company's management believes that the presentation of Annualized EBITDAre provides useful information to investors regarding the Company's results of operations because it enables investors to more easily compare quarterly EBITDAre to EBITDAre from full fiscal years.

The Company's computation of EBITDAre may not be comparable to EBITDAre 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. The Company believes that in order to facilitate a clear understanding of its operating results, EBITDAre should be examined in conjunction with net income attributable to Boston Properties, Inc. common shareholders as presented in the Company's consolidated financial statements. EBITDAre should not be considered a substitute to net income attributable to Boston Properties, Inc. common shareholders in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to the Company's financial information prepared in accordance with GAAP.



**Fixed Charge Coverage Ratio**

Fixed Charge Coverage Ratio equals **BXP's Share of EBITDAre – cash** divided by **Total Fixed Charges**. BXP's Share of EBITDAre – cash is a non-GAAP financial measure equal to BXP's Share of EBITDAre after eliminating the effects of straight-line rent (excluding the impact related to deferred revenue related to improvements to long-lived assets paid for by a tenant), fair value lease revenue and non-cash termination income adjustment (fair value lease amounts) and adding straight-line ground rent expense, stock-based compensation expense and lease transaction costs that qualify as rent inducements.

Total Fixed Charges is also a non-GAAP financial measure equal to the sum of BXP's Share of interest expense, capitalized interest, maintenance capital expenditures, hotel improvements, equipment upgrades and replacements and preferred dividends/distributions less fair value interest adjustment and hedge amortization and amortization of financing costs. The Company believes that the presentation of its Fixed Charge Coverage Ratio provides investors with useful information about the Company's financial performance as it relates to overall financial flexibility and balance sheet management, and, although the Company's Fixed Charge Coverage Ratio is not a liquidity measure, as it does not include adjustments to reflect changes in working capital or the actual timing of the payment of income or expense items that are accrued in the period, the Company believes that its Fixed Charge Coverage Ratio provides investors with useful supplemental information regarding the Company's ability to service its existing fixed charges. Furthermore, the Company believes that the Fixed Charge Coverage Ratio is frequently used by analysts, rating agencies and other interested parties in the evaluation of the Company's performance as a REIT and, as a result, by presenting the Fixed Charge Coverage Ratio the Company assists these parties in their evaluations. The Company's calculation of its Fixed Charge Coverage Ratio may not be comparable to the ratios reported by other REITs or real estate companies that define the term differently and should only be considered together with and as a supplement to the Company's financial information prepared in accordance with GAAP. For clarification purposes, this ratio does not include gains (losses) from early extinguishments of debt.

**Funds Available for Distribution (FAD) and FAD Payout Ratio**

In addition to Funds from Operations (FFO), which is defined on the following page, the Company presents Funds Available for Distribution to common shareholders and common unitholders (FAD), which is a non-GAAP financial measure that is calculated by (1) adding to FFO lease transaction costs that qualify as rent inducements, non-real estate depreciation, non-cash losses (gains) from early extinguishments of debt, stock-based compensation expense, Accounting Standards Codification ("ASC") 470-20 interest expense adjustment, partners' share of consolidated and unconsolidated joint venture 2nd generation tenant improvement and leasing commissions (included in the period in which the lease commences) and unearned portion of capitalized fees, (2) eliminating the effects of straight-line rent, straight-line ground rent expense adjustment, fair value interest adjustment and hedge amortization and fair value lease revenue, and (3) subtracting maintenance capital expenditures, hotel improvements, equipment upgrades and replacements, 2nd generation tenant improvement and leasing commissions (included in the period in which the lease commences), non-cash termination income adjustment (fair value lease amounts) and impairments of non-depreciable real estate. The Company believes that the presentation of FAD provides useful information to investors regarding the Company's results of operations because FAD provides supplemental information regarding the Company's operating performance that would not otherwise be available and may be useful to investors in assessing the Company's operating performance. Additionally, although the Company does not consider FAD to be a liquidity measure, as it does not make adjustments to reflect changes in working capital or the actual timing of the payment of income or expense items that are accrued in the period, the Company believes that FAD may provide investors with useful supplemental information regarding the Company's ability to generate cash from its operating performance and the impact of the Company's operating performance on its ability to make distributions to its shareholders. Furthermore, the Company believes that FAD is frequently used by analysts, investors and other interested parties in the evaluation of its performance as a REIT and, as a result, by presenting FAD the Company is assisting these parties in their evaluation. FAD should not be considered as a substitute for net income (loss) attributable to Boston Properties, Inc.'s common shareholders determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to the Company's financial information prepared in accordance with GAAP.

**FAD Payout Ratio** is defined as distributions to common shareholders and unitholders (excluding any special distributions) divided by FAD.

**Funds from Operations (FFO)**

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of Nareit, the Company calculates Funds from Operations, or “FFO,” by adjusting net income (loss) attributable to Boston Properties, Inc. common shareholders (computed in accordance with GAAP) for gains (or losses) from sales of properties, impairment losses on depreciable real estate consolidated on the Company’s balance sheet, impairment losses on its investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated joint ventures and real estate-related depreciation and amortization. FFO is a non-GAAP financial measure, but the Company believes the presentation of FFO, combined with the presentation of required GAAP financial measures, has improved the understanding of operating results of REITs among the investing public and has helped make comparisons of REIT operating results more meaningful. Management generally considers FFO and FFO per share to be useful measures for understanding and comparing the Company’s operating results because, by excluding gains and losses related to sales of previously depreciated operating real estate assets, impairment losses and real estate asset depreciation and amortization (which can differ across owners of similar assets in similar condition based on historical cost accounting and useful life estimates), FFO and FFO per share can help investors compare the operating performance of a company’s real estate across reporting periods and to the operating performance of other companies.

The Company’s 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. In order to facilitate a clear understanding of the Company’s operating results, FFO should be examined in conjunction with net income attributable to Boston Properties, Inc. common shareholders as presented in the Company’s consolidated financial statements. FFO should not be considered as a substitute for net income attributable to Boston Properties, Inc. common shareholders (determined in accordance with GAAP) or any other GAAP financial measures and should only be considered together with and as a supplement to the Company’s financial information prepared in accordance with GAAP.

**In-Service Properties**

The Company treats a property as being “in-service” upon the earlier of (1) lease-up and completion of tenant improvements or (2) one year after cessation of major construction activity as determined under GAAP. The determination as to when an entire 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, the Company specifies a single date for treating a property as “in-service,” which is generally later than the date the property is partially placed in-service under 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 addition, under GAAP, when a portion of a property has been substantially completed and either occupied or held available for occupancy, the Company ceases capitalizing costs on that portion, even though it may not treat the property as being “in-service,” and continues to capitalize only those costs associated with the portion still under construction. In-service properties include properties held by the Company’s unconsolidated joint ventures.

**Net Asset Value (NAV)**

Net Asset Value, or NAV, is a useful measure that assists investors and management to estimate the fair value of a company. There is no directly comparable GAAP financial measure to NAV and because the calculation of NAV involves a number of assumptions and estimates, it can be calculated using various methods. Therefore, each investor must determine the specific methodology to use to arrive at a NAV. For example, in light of the significance of its joint ventures, the Company presents NAV using BXP's Share of various components, whereas others that calculate NAV may not do so and, therefore, their calculations of NAV may not be comparable to NAV as calculated by the Company or other companies. Because (1) there are various methods of calculation and (2) the assumptions and estimates may not prove to be correct, actual NAV may differ materially from a company's estimate.

**Net Debt**

Net Debt is equal to (A) the Company's consolidated debt plus special dividends payable (if any) less (B) cash and cash equivalents and cash held in escrow for potential Section 1031 like kind exchange(s). The Company believes that the presentation of Net Debt provides useful information to investors because the Company reviews Net Debt as part of the management of its overall financial flexibility, capital structure and leverage. In particular, Net Debt is an important component of the Company's ratio of **BXP's Share of Net Debt to BXP's Share of EBITDAre**. BXP's Share of Net Debt is calculated in a similar manner to Net Debt, except that BXP's Share of Debt and BXP's Share of cash are utilized instead of the Company's consolidated debt and cash in the calculation. The Company believes BXP's Share of Net Debt to BXP's Share of EBITDAre is useful to investors because it provides an alternative measure of the Company's financial flexibility, capital structure and leverage based on its percentage ownership interest in all of its assets. Furthermore, certain debt rating agencies, creditors and credit analysts monitor the Company's Net Debt as part of their assessments of its business. The Company may utilize a considerable portion of its cash and cash equivalents at any given time for purposes other than debt reduction. In addition, cash and cash equivalents and cash held in escrow for potential Section 1031 like kind exchange(s) may not be solely controlled by the Company. The deduction of these items from consolidated debt in the calculation of Net Debt therefore should not be understood to mean that these items are available exclusively for debt reduction at any given time.

**Net Operating Income (NOI)**

Net operating income (NOI) is a non-GAAP financial measure equal to net income attributable to Boston Properties, Inc. common shareholders, the most directly comparable GAAP financial measure, plus (1) preferred dividends, net income attributable to noncontrolling interests, corporate general and administrative expense, payroll and related costs from management services contracts, transaction costs, impairment losses, depreciation and amortization expense, losses from early extinguishments of debt and interest expense, less (2) development and management services revenue, direct reimbursements of payroll and related costs from management services contracts, income (loss) from unconsolidated joint ventures, gains (losses) on sales of real estate, gains (losses) from investments in securities and interest and other income. In some cases, the Company also presents (1) **NOI – cash**, which is NOI after eliminating the effects of straight-line rent (excluding the impact related to deferred revenue related to improvements to long-lived assets paid for by a tenant), fair value lease revenue, straight-line ground rent expense adjustment and lease transaction costs that qualify as rent inducements in accordance with GAAP, and (2) **NOI and NOI – cash, in each case excluding termination income.** (continued on next page)

**Net Operating Income (NOI) (continued)**

The Company uses these measures internally as performance measures and believes they provide useful information to investors regarding the Company's results of operations and financial condition because, when compared across periods, they reflect 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. 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. Similarly, interest expense may be incurred at the property level even though the financing proceeds may be used at the corporate level (e.g., used for other investment activity). In addition, depreciation and amortization expense because of historical cost accounting and useful life estimates, may distort operating performance measures at the property level. Presenting NOI – cash allows investors to compare NOI performance across periods without taking into account the effect of certain non-cash rental revenues and ground rent expenses. Similar to depreciation and amortization expense, fair value lease revenues, because of historical cost accounting, may distort operating performance measures at the property level. Additionally, presenting NOI excluding the impact of the straight-lining of rent provides investors with an alternative view of operating performance at the property level that more closely reflects net cash generated at the property level on an unleveraged basis. Presenting NOI measures that exclude termination income provides investors with additional information regarding operating performance at a property level that allows them to compare operating performance between periods without taking into account termination income, which can distort the results for any given period because they generally represent multiple months or years of a tenant's rental obligations that are paid in a lump sum in connection with a negotiated early termination of the tenant's lease and are not reflective of the core ongoing operating performance of the Company's properties.

**Rental Obligations**

Rental Obligations is defined as the contractual base rents (but excluding percentage rent) and budgeted reimbursements from tenants under existing leases. These amounts exclude rent abatements.

**Rental Revenue**

Rental Revenue is equal to Total revenue, the most directly comparable GAAP financial measure, less development and management services revenue and direct reimbursements of payroll and related costs from management services contracts. The Company uses Rental Revenue internally as a performance measure and in calculating other non-GAAP financial measures (e.g., NOI), which provides investors with information regarding our performance that is not immediately apparent from the comparable non-GAAP measures and allows investors to compare operating performance between periods. The Company also presents **Rental Revenue (excluding termination income)** because termination income can distort the results for any given period because it generally represents multiple months or years of a tenant's rental obligations that are paid in a lump sum in connection with a negotiated early termination of the tenant's lease and does not reflect the core ongoing operating performance of the Company's properties.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Net Debt to EBITDAre Ratios

(dollars in thousands)

	Quarter Ended	Year Ended December 31,						
	March 31, 2020	2019	2018	2017	2016	2015	2014	2013
Consolidated debt	\$ 12,061,224	\$ 11,811,806	\$ 11,007,757	\$ 10,271,611	\$ 9,796,133	\$ 9,188,543	\$ 10,086,984	\$ 11,521,508
Add:								
Special dividend payable	—	—	—	—	—	214,386	769,790	384,517
Less:								
Cash and cash equivalents	660,733	644,950	543,359	434,767	356,914	723,718	1,763,079	2,365,137
Cash held in escrow for 1031 exchange	151,277	—	44,401	—	—	—	433,794	—
Net debt	11,249,214	11,166,856	10,419,997	9,836,844	9,439,219	8,679,211	8,659,901	9,540,888
Add:								
BXP's share of unconsolidated JV debt	1,027,547	980,110	890,574	604,845	318,193	351,926	349,647	327,526
Partners' share of cash and cash equivalents from consolidated JVs	115,520	120,791	124,202	128,143	108,181	85,909	104,192	60,704
Less:								
BXP's share of cash and cash equivalents from unconsolidated JVs	93,811	90,206	99,750	59,772	45,974	44,505	53,851	37,799
Partners' share of consolidated JV debt	1,198,575	1,199,854	1,204,774	1,209,280	1,144,473	1,168,142	1,324,910	1,063,116
BXP's Share of Net Debt (A)	<u>\$ 11,099,895</u>	<u>\$ 10,977,697</u>	<u>\$ 10,130,249</u>	<u>\$ 9,300,780</u>	<u>\$ 8,675,146</u>	<u>\$ 7,904,399</u>	<u>\$ 7,734,979</u>	<u>\$ 8,828,203</u>
BXP's Share of EBITDAre <sup>1</sup> (B)	<u>\$ 1,684,128</u> <sup>2</sup>	<u>\$ 1,661,741</u>	<u>\$ 1,480,334</u>	<u>\$ 1,422,711</u>	<u>\$ 1,407,815</u>	<u>\$ 1,331,807</u>	<u>\$ 1,345,399</u>	<u>\$ 1,322,898</u>
BXP's Share of Net Debt to BXP's Share of EBITDAre (A ÷ B)	<u>6.6</u>	<u>6.6</u>	<u>6.8</u>	<u>6.5</u>	<u>6.2</u>	<u>5.9</u>	<u>5.7</u>	<u>6.7</u>

<sup>1</sup>See reconciliations of "EBITDAre" in this Appendix.

<sup>2</sup>For the quarter ended March 31, 2020, BXP's Share of EBITDAre is annualized and calculated as the product of such amount for the quarter (\$421,032) multiplied by four (4).



# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Debt to Market Capitalization Ratios

(dollars in thousands, except per share amounts)

		December 31,					
	March 31, 2020	2019	2018	2017	2016	2015	2014
Common stock price at quarter/year end	\$ 92.23	\$ 137.86	\$ 112.55	\$ 130.03	\$ 125.78	\$ 127.54	\$ 128.69
Equity market capitalization at quarter/year end <b>(A)</b>	\$ 16,163,168	\$ 24,008,146	\$ 19,584,824	\$ 22,559,179	\$ 21,805,734	\$ 22,074,258	\$ 22,214,860
Consolidated debt <b>(B)</b>	\$ 12,061,224	\$ 11,811,806	\$ 11,007,757	\$ 10,271,611	\$ 9,796,133	\$ 9,188,543	\$ 10,086,984
Add:							
BXP's share of unconsolidated JV debt	1,027,547	980,110	890,574	604,845	318,193	351,926	349,647
Less:							
Partners' share of consolidated JV debt	1,198,575	1,199,854	1,204,774	1,209,280	1,144,473	1,168,142	1,324,910
BXP's Share of Debt <b>(C)</b>	\$ 11,890,196	\$ 11,592,062	\$ 10,693,557	\$ 9,667,176	\$ 8,969,853	\$ 8,372,327	\$ 9,111,721
Consolidated Market Capitalization <b>(A + B)</b>	\$ 28,224,392	\$ 35,819,952	\$ 30,592,581	\$ 32,830,790	\$ 31,601,867	\$ 31,262,801	\$ 32,301,844
Consolidated Debt/Consolidated Market Capitalization <b>[B ÷ (A + B)]</b>	42.73%	32.98%	35.98%	31.29%	31.00%	29.39%	31.23%
BXP's Share of Market Capitalization <b>(A + C)</b>	\$ 28,053,364	\$ 35,600,208	\$ 30,278,381	\$ 32,226,355	\$ 30,775,587	\$ 30,446,585	\$ 31,326,581
BXP's Share of Debt/BXP's Share of Market Capitalization <b>[C ÷ (A + C)]</b>	42.38%	32.56%	35.32%	30.00%	29.15%	27.50%	29.09%

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## EBITDAre

(dollars in thousands)

	Quarter Ended March 31, 2020	Year Ended December 31,						
		2019	2018	2017	2016	2015	2014	2013
Net income attributable to Boston Properties, Inc. common shareholders	\$ 497,496	\$ 511,034	\$ 572,347	\$ 451,939	\$ 502,285	\$ 572,606	\$ 433,111	\$ 741,754
Add:								
Preferred dividends	2,625	10,500	10,500	10,500	10,500	10,500	10,500	8,057
Net income attributable to noncontrolling interests	77,025	130,465	129,716	100,042	57,192	216,812	82,446	91,629
Losses from interest rate contracts	—	—	—	—	140	—	—	—
Losses (gains) from early extinguishments of debt	—	29,540	16,490	(496)	371	22,040	10,633	(122)
Interest expense	101,591	412,717	378,168	374,481	412,849	432,196	455,743	446,880
Depreciation and amortization expense	171,094	677,764	645,649	617,547	694,403	639,542	628,573	560,637
Impairment losses	—	24,038	11,812	—	1,783	—	—	8,306
Less:								
Discontinued operations	—	—	—	—	—	—	—	137,792
Gains on consolidation of JVs	—	—	—	—	—	—	—	385,991
Gain on sale of investment in unconsolidated JV	—	—	—	—	59,370	—	—	—
Gains (losses) on sales of real estate	410,165	709	182,356	7,663	80,606	375,895	168,039	—
Income (loss) from unconsolidated JVs	(369)	46,592	2,222	11,232	8,074	22,770	12,769	75,074
Add:								
BXP's share of EBITDAre from unconsolidated JVs <sup>1</sup>	28,886	98,389	81,340	65,132	50,712	45,864	45,076	128,669
EBITDAre	468,921	1,847,146	1,661,444	1,600,250	1,582,185	1,540,895	1,485,274	1,386,953
Less:								
Partners' share of EBITDAre from consolidated JVs <sup>2</sup>	47,889	185,405	181,110	177,539	174,370	209,088	139,875	64,055
BXP's Share of EBITDAre	<u>\$ 421,032</u>	<u>\$1,661,741</u>	<u>\$1,480,334</u>	<u>\$1,422,711</u>	<u>\$1,407,815</u>	<u>\$1,331,807</u>	<u>\$1,345,399</u>	<u>\$1,322,898</u>
BXP's Share of EBITDAre	\$ 421,032	\$1,661,741	\$1,480,334	\$1,422,711	\$1,407,815	\$1,331,807	\$1,345,399	\$1,322,898
Add:								
Lease transaction costs that qualify as rent inducements <sup>3</sup>	2,399	6,627	8,692	920	8,853	12,667	9,006	9,679
BXP's share of lease transaction costs that qualify as rent inducements from unconsolidated JVs <sup>3</sup>	1,850 <sup>1</sup>	7,905	601	1,048	58	2,161	1,234	—
Straight-line ground rent expense adjustment	976	4,029	3,972	2,489	3,951	(790)	6,793	7,156
BXP's share of straight-line ground rent expense adjustment from unconsolidated JVs	41 <sup>1</sup>	40	—	—	—	—	—	—
Stock-based compensation expense	17,525	40,958	40,117	35,361	32,911	29,183	28,099	45,155
Less:								
Partners' share of lease transaction costs that qualify as rent inducements from consolidated JVs <sup>3</sup>	226 <sup>2</sup>	449	277	25	17	2,167	737	—
Straight-line rent and fair value lease revenue	34,421	120,269 <sup>4</sup>	71,866	75,801	64,120	115,896	111,325	93,820
BXP's share of straight-line rent and fair value lease revenue from unconsolidated JVs	5,629 <sup>1</sup>	19,116	13,447	13,410	10,835	2,588	1,881	24,865
Add:								
Partners' share of straight-line rent and fair value of lease revenue from consolidated JVs	5,599 <sup>2</sup>	15,538 <sup>4</sup>	13,702	9,169	14,343	25,866	21,105	10,365
BXP's Share of EBITDAre—cash	<u>\$ 409,146</u>	<u>\$1,597,004</u>	<u>\$1,461,828</u>	<u>\$1,382,462</u>	<u>\$1,392,959</u>	<u>\$1,280,243</u>	<u>\$1,297,693</u>	<u>\$1,276,568</u>

<sup>1</sup>See "Joint Ventures-Unconsolidated" in this Appendix.

<sup>2</sup>See "Joint Ventures-Consolidated" in this Appendix.

<sup>3</sup>Lease transaction costs are generally included in second generation tenant improvements and leasing commissions in the period in which the lease commences.

<sup>4</sup>Excludes the straight-line impact of approximately \$(36.9) million and \$(14.7) million for Straight-line rent and fair value lease revenue and Partners' share of straight-line rent and fair value of lease revenue from consolidated JVs, respectively, in connection with the deferred revenue received from a tenant. The tenant paid for improvements to a long-lived asset of the Company resulting in deferred revenue for the period until the asset was substantially complete, which occurred in the third quarter of 2019.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Fixed Charge Coverage Ratio

(dollars in thousands)

	Quarter Ended March 31, 2020	Year Ended December 31,					
		2019	2018	2017	2016	2015	2014
<b>Fixed Charges</b>							
Interest expense	\$ 101,591	\$ 412,717	\$ 378,168	\$ 374,481	\$ 412,849	\$ 432,196	\$ 455,743
Partners' share of interest expense from consolidated JVs	(10,776) <sup>1</sup>	(42,896)	(44,321)	(57,100)	(69,204)	(89,580)	(78,753)
BXP's share of interest expense from unconsolidated JVs	10,923 <sup>2</sup>	40,584	33,036	19,638	15,704	16,538	13,056
Capitalized interest	14,149	54,911	65,766	61,070	39,816	34,213	52,476
Partners' share of capitalized interest from consolidated JVs	(1,284) <sup>1</sup>	(5,626)	(4,505)	(1,700)	(224)	—	—
BXP's share of capitalized interest from unconsolidated JVs	2,339 <sup>2</sup>	9,808	3,445	104	—	408	311
Fair value interest adjustment and hedge amortization	(1,579)	(6,316)	(6,316)	14,434	44,116	52,407	51,201
Partners' share of fair value interest adjustment and hedge amortization from consolidated JVs	144 <sup>1</sup>	576	576	(7,803)	(18,218)	(20,100)	(20,557)
Amortization of financing costs	(3,279)	(12,879)	(12,281)	(10,587)	(7,386)	(7,539)	(7,754)
Partners' share of amortization of financing costs from consolidated JVs	382 <sup>1</sup>	1,528	1,528	979	153	260	194
BXP's share of amortization of financing costs from unconsolidated JVs	(452) <sup>2</sup>	(967)	(544)	(432)	(445)	(425)	(317)
Maintenance capital expenditures <sup>3</sup>	20,051	98,994	75,306	48,573	59,838	56,383	45,619
Partners' share of maintenance capital expenditures from consolidated JVs <sup>3</sup>	(126)	(2,879)	(3,028)	(5,611)	(2,569)	(5,565)	(4,378)
BXP's share of maintenance capital expenditures from unconsolidated JVs <sup>3</sup>	319	2,685	2,089	582	1,029	1,653	1,369
Hotel improvements, equipment upgrades and replacements	197	2,403	2,102	9,647	6,801	2,430	2,894
Preferred dividends/distributions	2,625	10,500	10,500	10,500	10,500	10,500	10,500
<b>Total Fixed Charges (A)</b>	<b>\$ 135,224</b>	<b>\$ 563,143</b>	<b>\$ 501,521</b>	<b>\$ 456,775</b>	<b>\$ 492,760</b>	<b>\$ 483,779</b>	<b>\$ 521,604</b>
<b>BXP's Share of EBITDAre—cash<sup>4</sup> (B)</b>	<b>409,146</b>	<b>1,597,004</b>	<b>1,461,828</b>	<b>1,382,462</b>	<b>1,392,959</b>	<b>1,280,243</b>	<b>1,297,693</b>
<b>Fixed Charge Coverage Ratio (B ÷ A)</b>	<b>3.03</b>	<b>2.84</b>	<b>2.91</b>	<b>3.03</b>	<b>2.83</b>	<b>2.65</b>	<b>2.49</b>

<sup>1</sup>See "Joint Ventures-Consolidated" in this Appendix.

<sup>2</sup>See "Joint Ventures-Unconsolidated" in this Appendix.

<sup>3</sup>Maintenance capital expenditures do not include planned capital expenditures related to acquisitions and repositioning capital expenditures.

<sup>4</sup>See reconciliations on previous page of this Appendix.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## FFO, FAD, and FAD Payout Ratios

(dollars in thousands)

	Quarter Ended March 31, 2020	Year Ended December 31,					
		2019	2018	2017	2016	2015	2014
Net income attributable to Boston Properties, Inc. common shareholders	\$ 497,496	\$ 511,034	\$ 572,347	\$ 451,939	\$ 502,285	\$ 572,606	\$ 433,111
Add:							
Preferred dividends	2,625	10,500	10,500	10,500	10,500	10,500	10,500
Noncontrolling interest - common units of the Operating Partnership	57,539	59,345	66,807	52,210	59,260	66,951	50,862
Noncontrolling interest - redeemable preferred units of the Operating Partnership	—	—	—	—	—	6	1,023
Noncontrolling interests in property partnerships	19,486	71,120	62,909	47,832	(2,068)	149,855	30,561
Net income	577,146	651,999	712,563	562,481	569,977	799,918	526,057
Add:							
Depreciation and amortization expense	171,094	677,764	645,649	617,547	694,403	639,542	628,573
Noncontrolling interests in property partnerships' share of depreciation and amortization	(17,627) <sup>1</sup>	(71,389)	(73,880)	(78,190)	(107,087)	(90,832)	(63,303)
BXP's share of depreciation and amortization from unconsolidated joint ventures	18,332 <sup>2</sup>	58,451	54,352	34,262	26,934	6,556	19,251
Corporate-related depreciation and amortization	(469)	(1,695)	(1,634)	(1,986)	(1,568)	(1,503)	(1,361)
Impairment losses	—	24,038	11,812	—	—	—	—
Less:							
Gain on sale of investment in unconsolidated joint venture	—	—	—	—	59,370	—	—
Gain on sale of real estate included within income (loss) from unconsolidated joint ventures	—	47,238	8,270	—	—	—	—
Gains (losses) on sales of real estate	410,165	709	182,356	7,663	80,606	375,895	168,039
Noncontrolling interests in property partnerships <sup>3</sup>	19,486	71,120	62,909	47,832	(2,068)	48,737	30,561
Noncontrolling interest - redeemable preferred units of the Operating Partnership	—	—	—	—	—	6	1,023
Preferred dividends	2,625	10,500	10,500	10,500	10,500	10,500	10,500
FFO attributable to the Operating Partnership common unitholders (including Boston Properties, Inc.) ("Basic FFO")	316,200	1,209,601	1,084,827	1,068,119	1,034,251	918,543	899,094
Less:							
Noncontrolling interest - common units of the Operating Partnership's share of FFO	32,138	123,757	110,338	108,707	106,504	94,828	91,588
FFO attributable to Boston Properties, Inc. common shareholders	\$ 284,062	\$ 1,085,844	\$ 974,489	\$ 959,412	\$ 927,747	\$ 823,715	\$ 807,506

<sup>1</sup>See "Joint Ventures-Consolidated" in this Appendix.

<sup>2</sup>See "Joint Ventures-Unconsolidated" in this Appendix.

<sup>3</sup>For the year ended December 31, 2015, excludes the noncontrolling interests in property partnerships' share of a gain on sale of real estate totaling approximately \$101.1 million. <sup>29</sup>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## FFO, FAD, and FAD Payout Ratios (continued from previous page) (dollars in thousands)

Funds Available for Distribution	Quarter Ended March 31, 2020	Year Ended December 31,					
		2019	2018	2017	2016	2015	2014
FFO attributable to the Operating Partnership common unitholders (including Boston Properties, Inc.) ("Basic FFO")	\$ 316,200	\$1,209,601	\$1,084,827	\$1,068,119	\$1,034,251	\$918,543	\$899,094
Straight-line rent	(31,430)	(63,157)	(48,055)	(53,511)	(33,739)	(79,998)	(63,060)
Partners' share of straight-line rent from consolidated JVs	4,971	(5,115)	6,212	2,597	4,224	14,702	9,261
BXP's share of straight-line rent from unconsolidated JVs	(4,803)	(15,233)	(10,713)	(11,553)	(9,832)	(2,671)	(1,933)
Lease transaction costs that qualify as rent inducements <sup>3</sup>	2,399	6,627	8,692	920	8,853	12,667	9,006
Partners' share of lease transaction costs that qualify as rent inducements from consolidated JVs <sup>3</sup>	(226)	(449)	(277)	(25)	(17)	(2,167)	(737)
BXP's share of lease transaction costs that qualify as rent inducements from unconsolidated JVs <sup>3</sup>	1,850	7,905	601	1,048	58	2,161	1,234
Fair value lease revenue <sup>4</sup>	(2,991)	(20,186)	(23,811)	(22,290)	(30,381)	(35,898)	(48,265)
Partners' share of fair value lease revenue from consolidated JVs <sup>4</sup>	628	5,883	7,490	6,572	10,119	11,164	11,844
BXP's share of fair value lease revenue from unconsolidated JVs <sup>4</sup>	(826)	(3,883)	(2,734)	(1,857)	(1,003)	83	52
Non-cash losses (gains) from early extinguishments of debt	—	—	—	(14,444)	371	(3,604)	96
Partners' share of non-cash losses (gains) from early extinguishments of debt from consolidated JVs	—	—	—	5,878	—	—	—
Non-cash termination income adjustment (fair value lease amounts)	—	—	—	(1,171)	177	(5,360)	—
Partner's share of non-cash termination income adjustment (fair value lease amounts) from consolidated JVs	—	—	—	468	(44)	2,191	—
BXP's share of non-cash termination income adjustment (fair value lease amounts) from unconsolidated JVs	—	—	—	(214)	—	—	—
Straight-line ground rent expense adjustment <sup>5</sup>	976	4,029	3,972	2,489	3,951	(790)	6,793
BXP's share of straight-line ground rent expense adjustment from unconsolidated JVs	41	40	—	—	—	—	—
Stock-based compensation	17,525	40,958	40,117	35,361	32,911	29,183	28,099
Non-real estate depreciation	469	1,695	1,634	1,986	1,568	1,503	1,361
Impairment losses	—	—	—	—	1,783	—	—
Fair value interest adjustment and hedge amortization	1,579	6,316	6,316	(14,434)	(44,116)	(52,407)	(51,201)
Partners' share of fair value interest adjustment and hedge amortization from consolidated JVs	(144)	(576)	(576)	7,803	18,218	20,100	20,557
ASC 470-20 interest expense adjustment	—	—	—	—	—	—	2,438
Second generation tenant improvements and leasing commissions	(70,386)	(392,717)	(256,610)	(270,738)	(278,269)	(192,419)	(108,469)
Partners' share of second generation tenant improvements and leasing commissions from consolidated JVs	21,113	82,702	16,446	7,752	5,026	3,725	7,327
BXP's share of second generation tenant improvements and leasing commissions from unconsolidated JVs	(670)	(6,990)	(14,481)	(5,343)	(14,875)	(14,400)	(4,508)
Unearned portion of capitalized fees from consolidated joint ventures	56	6,925	7,528	9,765	5,925	7,647	12,358
Maintenance capital expenditures <sup>6</sup>	(20,051)	(98,994)	(75,306)	(48,573)	(59,838)	(56,383)	(45,619)
Partners' share of maintenance capital expenditures from consolidated JVs <sup>6</sup>	126	2,879	3,028	5,611	2,569	5,565	4,378
BXP's share of maintenance capital expenditures from unconsolidated JVs <sup>6</sup>	(319)	(2,685)	(2,089)	(582)	(1,029)	(1,653)	(1,369)
Hotel improvements, equipment upgrades and replacements	(197)	(2,403)	(2,102)	(9,647)	(6,801)	(2,430)	(2,894)
<b>Funds available for distribution to common shareholders and common unitholders (FAD) (A)</b>	<b>\$ 235,890</b>	<b>\$ 763,172</b>	<b>\$ 750,109</b>	<b>\$ 701,987</b>	<b>\$ 650,060</b>	<b>\$579,054</b>	<b>\$685,843</b>
<b>Annualized FAD (A x 4)<sup>7</sup></b>	<b>\$ 943,560</b>						
<b>Distributions to common shareholders and unitholders (excluding any special distributions) (B)</b>	<b>169,652</b>	<b>661,393</b>	<b>603,202</b>	<b>524,810</b>	<b>464,114</b>	<b>446,155</b>	<b>444,181</b>
<b>FAD Payout Ratio (B ÷ A)</b>	<b>71.92%</b>	<b>86.66%</b>	<b>80.42%</b>	<b>74.76%</b>	<b>71.40%</b>	<b>77.05%</b>	<b>64.76%</b>

<sup>1</sup>See "Joint Ventures-Consolidated" in this Appendix.

<sup>2</sup>See "Joint Ventures-Unconsolidated" in this Appendix.

<sup>3</sup>Lease transaction costs are generally included in second generation tenant improvements and leasing commissions in the period in which the lease commences.

<sup>4</sup>Represents the net adjustment for above- and below-market leases that are being amortized over the terms of the respective leases in-place at the property acquisition dates.

<sup>5</sup>For the quarter ended March 31, 2020 and the years ended December 31, 2019, 2018, 2017, 2016 and 2015, includes the straight-line impact of the Company's 99-year ground and air rights lease related to the 100 Clarendon Street garage and Back Bay Transit Station. The Company has allocated contractual ground lease payments aggregating approximately \$34.4 million, which it expects to by the end of 2023 with no payments thereafter. The Company is recognizing these amounts on a straight-line basis over the 99-year term of the ground and air rights lease.

<sup>6</sup>Maintenance capital expenditures do not include planned capital expenditures related to acquisitions and repositioning capital expenditures.

<sup>7</sup>Annualized FAD is calculated as the product of such amount for the quarter multiplied by (4).

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Joint Ventures (“JVs”) - Consolidated

(unaudited and in thousands)

Results of Operations for the three months ended March 31, 2020

	767 Fifth Avenue (The GM Building)	Norges Joint Ventures Times Square Tower 601 Lexington Avenue / One Five Nine East 53rd Street 100 Federal Street Atlantic Wharf Office	Total Consolidated Joint Ventures
Revenue			
Lease <sup>1</sup>	\$ 69,133	\$ 96,613	\$ 165,746
Straight-line rent	6,927	4,888	11,815
Fair value lease revenue	1,448	109	1,557
Termination income	474	106	580
Total lease revenue	77,982	101,716	179,698
Parking and other	2	1,357	1,359
Total rental revenue	77,984	103,073	181,057
Expenses			
Operating	30,700	35,716	66,416
Net Operating Income (NOI)	47,284	67,357	114,641
Other income (expense)			
Interest and other income	341	385	726
Interest expense	(21,175)	(5,130)	(26,305)
Depreciation and amortization expense	(19,799)	(20,613)	(40,412)
General and administrative expense	(21)	(81)	(102)
Total other income (expense)	(40,654)	(25,439)	(66,093)
Net income	\$ 6,630	\$ 41,918	\$ 48,548
BXP's nominal ownership percentage	60.00%	55.00%	
Partners' share of NOI (after income allocation to private REIT shareholders) <sup>2</sup>	\$ 18,236	\$ 29,425	\$ 47,661
BXP's share of NOI (after income allocation to private REIT shareholders)	\$ 29,048	\$ 37,932	\$ 66,980
Unearned portion of capitalized fees <sup>3</sup>	\$ (178)	\$ 234	\$ 56
<b>Partners' share of select items<sup>2</sup></b>			
Partners' share of hedge amortization	\$ 144	\$ —	\$ 144
Partners' share of amortization of financing costs	\$ 346	\$ 36	\$ 382
Partners' share of depreciation and amortization related to capitalized fees	\$ 345	\$ 298	\$ 643
Partners' share of capitalized interest	\$ —	\$ 1,284	\$ 1,284
Partners' share of lease transaction costs that qualify as rent inducements	\$ —	\$ 226	\$ 226
Partners' share of management and other fees	\$ 678	\$ 886	\$ 1,564
Partners' share of basis differential and other adjustments	\$ (29)	\$ (147)	\$ (176)



# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Joint Ventures (“JVs”) - Consolidated (continued)

(unaudited and in thousands)

Results of Operations for the three months ended March 31, 2020

	767 Fifth Avenue (The GM Building)	Norges Joint Ventures Times Square Tower 601 Lexington Avenue / One Five Nine East 53rd Street 100 Federal Street Atlantic Wharf Office	Total Consolidated Joint Ventures
<b>Reconciliation of Partners' share of EBITDAre</b>			
Partners' NCI <sup>4</sup>	\$ 1,660	\$ 17,826	\$ 19,486
Add:			
Partners' share of interest expense <sup>2</sup>	8,467	2,309	10,776
Partners' share of depreciation and amortization expense after BXP's basis differential <sup>1</sup>	8,236	9,391	17,627
Partners' share of EBITDAre	<u>\$ 18,363</u>	<u>\$ 29,526</u>	<u>\$ 47,889</u>
<b>Reconciliation of Partners' share of NOI<sup>2</sup></b>			
Rental revenue	\$ 31,194	\$ 46,383	\$ 77,577
Less: Termination income	190	48	238
Rental revenue (excluding termination income)	31,004	46,335	77,339
Less: Operating expenses (including partners' share of management and other fees)	12,958	16,958	29,916
Income allocation to private REIT shareholders	—	—	—
NOI (excluding termination income and after income allocation to private REIT shareholders)	<u>\$ 18,046</u>	<u>\$ 29,377</u>	<u>\$ 47,423</u>
Rental revenue (excluding termination income)	\$ 31,004	\$ 46,335	\$ 77,339
Less: Straight-line rent	2,771	2,200	4,971
Fair value lease revenue	579	49	628
Add: Lease transaction costs that qualify as rent inducements	—	226	226
Subtotal	\$ 27,654	\$ 44,312	\$ 71,966
Less: Operating expenses (including partners' share of management and other fees)	12,958	16,958	29,916
Income allocation to private REIT shareholders	—	—	—
NOI - cash (excluding termination income and after income allocation to private REIT shareholders)	<u>\$ 14,696</u>	<u>\$ 27,354</u>	<u>\$ 42,050</u>
<b>Reconciliation of Partners' share of Revenue<sup>2</sup></b>			
Rental revenue	\$ 31,194	\$ 46,383	\$ 77,577
Add: Development and management services revenue	—	—	—
Revenue	<u>\$ 31,194</u>	<u>\$ 46,383</u>	<u>\$ 77,577</u>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Joint Ventures ("JVs") - Consolidated (continued) (unaudited and in thousands)

	Year Ended December 31,						
	2019	2018	2017	2016	2015	2014	2013
<b>Selected Financial Data<sup>5</sup></b>							
Interest expense	\$ 104,492	\$ 107,612	\$ 119,229	\$ 128,997	\$ 143,691	\$ 121,001	\$ 72,640
Fair value interest adjustment	\$ —	\$ —	\$ 20,227	\$ 45,545	\$ 49,370	\$ 49,766	\$ 27,936
Gain from early extinguishment of debt	\$ —	\$ —	\$ 14,606	\$ —	\$ —	\$ —	\$ —
Gain on sale of real estate	\$ —	\$ —	\$ —	\$ —	\$ 199,479	\$ —	\$ —
<b>Reconciliation of Partners' share of depreciation and amortization expense</b>							
Depreciation and amortization expense	\$ 175,269	\$ 184,985	\$ 185,632	\$ 250,803	\$ 227,226	\$ 173,954	\$ 102,283
Less:							
BXP's basis difference	1,254	1,571	351	318	200	141	516
Depreciation and amortization after BXP's basis	\$ 174,015	\$ 183,414	\$ 185,281	\$ 250,485	\$ 227,026	\$ 173,813	\$ 101,767
Partners' share of depreciation and amortization expense <sup>2</sup>	\$ 71,389	\$ 73,880	\$ 78,190	\$ 107,087	\$ 90,832	\$ 63,303	\$ 32,583
<b>Reconciliation of Partners' share of EBITDAre</b>							
Partners' NCI	\$ 71,120	\$ 62,909	\$ 47,832	\$ (2,068)	\$ 149,855	\$ 30,561	\$ 1,347
Add:							
Partners' share of interest expense <sup>2, 6</sup>	42,896	44,321	41,103	35,029	38,726	17,733	14,081
Partners' share of interest expense - outside members' notes	—	—	16,256	34,322	30,793	28,278	16,044
Partners' share of depreciation and amortization expense <sup>2</sup>	71,389	73,880	78,190	107,087	90,832	63,303	32,583
Less:							
Partners' share of gain from early extinguishment of debt <sup>2</sup>	—	—	5,842	—	—	—	—
Partners' share of gain on sale of real estate <sup>2</sup>	—	—	—	—	101,118	—	—
Partners' share of EBITDAre	\$ 185,405	\$ 181,110	\$ 177,539	\$ 174,370	\$ 209,088	\$ 139,875	\$ 64,055

<sup>1</sup>Lease revenue includes recoveries from tenants and service income from tenants.

<sup>2</sup>Amounts represent the partners' share based on their respective ownership percentage.

<sup>3</sup>Capitalized fees are eliminated in consolidation and recognized over the life of the asset as depreciation and amortization are added back to the Company's net income.

<sup>4</sup>Amounts represent the partners' share based on their respective ownership percentage and is adjusted for basis differentials and the allocations of management and other fees and depreciation and amortization related to capitalized fees.

<sup>5</sup>Amounts represent 100% of consolidated joint venture activities.

<sup>6</sup>Amounts include fair value interest adjustment.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Joint Ventures (“JVs”) - Unconsolidated

(unaudited and in thousands)

Results of Operations for the three months ended March 31, 2020

	Market Square North	Metropolitan Square	901 New York Avenue	Annapolis Junction <sup>1</sup>	500 North Capitol Street, N.W.	Colorado Center	Santa Monica Business Park	The Hub on Causeway	Gateway Commons	Other Joint Ventures <sup>2</sup>	Total Unconsolidated Joint Ventures
<b>Revenue</b>											
Lease <sup>3</sup>	\$ 5,281	\$ 4,360	\$ 6,187	\$ 1,938	\$ 4,334	\$ 19,113	\$ 15,409	\$ 7,550	\$ 8,467	\$ 2,058	\$ 74,697
Straight-line rent	397	2,086	270	52	(19)	984	1,254	1,359	406	2,874	9,663
Fair value lease revenue	—	—	—	—	—	9	908	—	40	—	957
Termination income	—	—	—	—	—	—	—	—	—	—	—
Total lease revenue	5,678	6,446	6,457	1,990	4,315	20,106	17,571	8,909	8,913	4,932	85,317
Parking and other	209	480	330	—	123	2,767	2,177	95	1	1,137	7,319
Total rental revenue	5,887	6,926	6,787	1,990	4,438	22,873	19,748	9,004	8,914	6,069	92,636
<b>Expenses</b>											
Operating	2,484	3,325	3,112	756	1,806	6,251	7,497	3,797	3,066	3,043 <sup>4</sup>	35,137
<b>Net Operating Income</b>	<u>3,403</u>	<u>3,601</u>	<u>3,675</u>	<u>1,234</u>	<u>2,632</u>	<u>16,622</u>	<u>12,251</u>	<u>5,207</u>	<u>5,848</u>	<u>3,026</u>	<u>57,499</u>
<b>Other income/(expense)</b>											
Development and management services income	—	—	—	(1)	—	—	—	—	6	—	5
Interest and other income	56	—	98	51	18	172	1	49	—	117	562
Interest expense	(1,424)	(1,653)	(2,072)	(473)	(1,116)	(4,979)	(6,972)	(2,655)	—	(1,239)	(22,583)
Depreciation and amortization expense	(1,139)	(1,776)	(1,410)	(663)	(872)	(5,188)	(8,969)	(3,537)	(5,737)	(2,744)	(32,035)
General and administrative expense	—	(14)	—	—	—	(26)	(152)	(56)	(14)	(2)	(264)
Total other income/(expense)	<u>(2,507)</u>	<u>(3,443)</u>	<u>(3,384)</u>	<u>(1,086)</u>	<u>(1,970)</u>	<u>(10,021)</u>	<u>(16,092)</u>	<u>(6,199)</u>	<u>(5,745)</u>	<u>(3,868)</u>	<u>(54,315)</u>
<b>Net income/(loss)</b>	<u>\$ 896</u>	<u>\$ 158</u>	<u>\$ 291</u>	<u>\$ 148</u>	<u>\$ 662</u>	<u>\$ 6,601</u>	<u>\$ (3,841)</u>	<u>\$ (992)</u>	<u>\$ 103</u>	<u>\$ (842)</u>	<u>\$ 3,184</u>
 BXP's economic ownership percentage	 50%	 20%	 25%	 50%	 30%	 50%	 55%	 50%	 55%		
<b>BXP's share of select items</b>											
BXP's share of amortization of financing costs	\$ 10	\$ 5	\$ 22 <sup>5</sup>	\$ 8	\$ 4	\$ 13	\$ 72	\$ 166	\$ —	\$ 152	\$ 452
BXP's share of capitalized interest	\$ —	\$ 126	\$ — <sup>5</sup>	\$ —	\$ —	\$ —	\$ —	\$ 713	\$ —	\$ 1,500	\$ 2,339
<b>Reconciliation of BXP's share of EBITDAre</b>											
Income/(loss) from unconsolidated joint ventures	\$ 402	\$ 35	\$ 47 <sup>5</sup>	\$ 70	\$ 201	\$ 2,288	\$ (2,108)	\$ (515)	\$ (451)	\$ (338)	\$ (369)
Add:											
BXP's share of interest expense	712	331	1,036 <sup>5</sup>	237	335	2,490	3,835	1,328	—	619	10,923
BXP's share of depreciation and amortization expense	615	352	803 <sup>5</sup>	335	259	4,488 <sup>6</sup>	4,928	1,788	3,606	1,158	18,332
<b>BXP's share of EBITDAre</b>	<u>\$ 1,729</u>	<u>\$ 718</u>	<u>\$ 1,886<sup>5</sup></u>	<u>\$ 642</u>	<u>\$ 795</u>	<u>\$ 9,266</u>	<u>\$ 6,655</u>	<u>\$ 2,601</u>	<u>\$ 3,155</u>	<u>\$ 1,439</u>	<u>\$ 28,886</u>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Joint Ventures (“JVs”) - Unconsolidated (continued)

(unaudited and in thousands)

Results of Operations for the three months ended March 31, 2020

Reconciliation of BXP's share of Net Operating Income/(Loss)	Market Square North	Metropolitan Square	901 New York Avenue	Annapolis Junction <sup>1</sup>	Dock 72	Colorado Center	Santa Monica Business Park	The Hub on Causeway	Gateway Commons	Other Joint Ventures <sup>2</sup>	Total Unconsolidated Joint Ventures
BXP's share of rental revenue	\$ 2,944	\$ 1,385	\$ 3,394 <sup>5</sup>	\$ 995	\$ 1,331	\$ 12,318 <sup>6</sup>	\$ 10,861	\$ 4,502	\$ 4,853	\$ 2,823	\$ 45,406
BXP's share of operating expenses	1,242	665	1,556 <sup>5</sup>	378	542	3,126	4,123	1,899	1,694	1,423	16,648
BXP's share of net operating income/(loss)	1,702	720	1,838 <sup>5</sup>	617	789	9,192 <sup>6</sup>	6,738	2,603	3,159	1,400	28,758
Less:											
BXP's share of termination income	—	—	— <sup>5</sup>	—	—	—	—	—	—	—	—
BXP's share of net operating income/(loss) (excluding termination income)	1,702	720	1,838 <sup>5</sup>	617	789	9,192 <sup>6</sup>	6,738	2,603	3,159	1,400	28,758
Less:											
BXP's share of straight-line rent	199	417	135 <sup>5</sup>	26	(6)	936 <sup>6</sup>	690	680	289	1,437	4,803
BXP's share of fair value lease revenue	—	—	— <sup>5</sup>	—	—	442 <sup>6</sup>	499	—	(115)	—	826
Add:											
BXP's share of straight-line ground rent adjustment	—	—	— <sup>5</sup>	—	—	—	—	—	—	41	41
BXP's share of lease transaction costs that qualify as rent inducements	—	21	— <sup>5</sup>	—	—	524	37	261	(227)	1,234	1,850
BXP's share of net operating income/(loss) - cash (excluding termination income)	<u>\$ 1,503</u>	<u>\$ 324</u>	<u>\$ 1,703<sup>5</sup></u>	<u>\$ 591</u>	<u>\$ 795</u>	<u>\$ 8,338<sup>6</sup></u>	<u>\$ 5,586</u>	<u>\$ 2,184</u>	<u>\$ 2,758</u>	<u>\$ 1,238</u>	<u>\$ 25,020</u>
<b>Reconciliation of BXP's share of Revenue</b>											
BXP's share of rental revenue	\$ 2,944	\$ 1,385	\$ 3,394 <sup>5</sup>	\$ 995	\$ 1,331	\$ 12,318 <sup>6</sup>	\$ 10,861	\$ 4,502	\$ 4,853	\$ 2,823	\$ 45,406
Add:											
BXP's share of development and management services revenue	—	—	— <sup>5</sup>	(1)	—	—	—	—	3	—	2
BXP's share of revenue	<u>\$ 2,944</u>	<u>\$ 1,385</u>	<u>\$ 3,394<sup>5</sup></u>	<u>\$ 994</u>	<u>\$ 1,331</u>	<u>\$ 12,318<sup>6</sup></u>	<u>\$ 10,861</u>	<u>\$ 4,502</u>	<u>\$ 4,856</u>	<u>\$ 2,823</u>	<u>\$ 45,408</u>

<sup>1</sup> Annapolis Junction includes three in-service properties and two undeveloped land parcels.

<sup>2</sup> Includes 1001 6th Street, Dock 72, 7750 Wisconsin Avenue, 1265 Main Street, Wisconsin Place Parking Facility, 3 Hudson Boulevard, 540 Madison Avenue and Platform 16.

<sup>3</sup> Lease revenue includes recoveries from tenants and service income from tenants.

<sup>4</sup> Includes approximately \$80 of straight-line ground rent expense.

<sup>5</sup> Reflects the allocation percentages pursuant to the achievement of specified investment return thresholds as provided for in the joint venture agreement.

<sup>6</sup> The Company's purchase price allocation under ASC 805 for Colorado Center differs from the historical basis of the venture resulting in the majority of the basis differential for this venture.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Joint Ventures (“JVs”) - Unconsolidated (continued) (unaudited and in thousands)

	Year Ended December 31,						
	2019	2018	2017	2016	2015	2014	2013
<b>Selected Financial Data<sup>1</sup></b>							
Interest expense	\$ 84,405	\$ 71,309	\$ 46,371	\$ 34,016	\$ 32,176	\$ 31,896	\$ 112,535
Depreciation and amortization expense <sup>2</sup>	\$ 102,294	\$ 103,075	\$ 57,079	\$ 44,989	\$ 36,057	\$ 37,041	\$ 86,088
Losses from early extinguishment of debt	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,677
Gain on distribution of real estate	\$ —	\$ 16,959	\$ —	\$ —	\$ —	\$ —	\$ —
Gains on sales of real estate	\$ 33,707	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,207
<b>Reconciliation of BXP's share of EBITDA<sup>3</sup></b>							
Income from unconsolidated joint ventures	\$ 46,592	\$ 2,222	\$ 11,232	\$ 8,074	\$ 22,770	\$ 12,769	\$ 75,074
Add:							
BXP's share of interest expense	40,584	33,036	19,638	15,704	16,538	13,056	61,259
BXP's share of depreciation and amortization expense	58,451	54,352	34,262	26,934	6,556	19,251	46,214
Losses from early extinguishment of debt	—	—	—	—	—	—	623
Less:							
BXP's share of gain on distribution of real estate	—	8,270	—	—	—	—	—
Gains on sales of real estate	47,238	—	—	—	—	—	54,501
BXP's share of EBITDA	<u>\$ 98,389</u>	<u>\$ 81,340</u>	<u>\$ 65,132</u>	<u>\$ 50,712</u>	<u>\$ 45,864</u>	<u>\$ 45,076</u>	<u>\$ 128,669</u>

<sup>1</sup>Amount represents 100% of unconsolidated joint venture activities.

<sup>2</sup>In 2018, the joint venture that owns Metropolitan Square, which the Company has a 20% ownership interest, commenced a renovation project and recorded accelerated depreciation of approximately \$22 million related to the remaining book value asset to be replaced.

<sup>3</sup>Amounts represent the Company's share based on its respective ownership percentage.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## NET ASSET VALUE

(dollars and shares in thousands, except per square foot and per share amounts)

### Real Estate Value

BXP's Share of Market Capitalization	\$ 28,613,741
Non-Real Estate Assets	(808,545)
Non-Real Estate Liabilities	954,665
Management Company Value	(252,136)
Land Held for Future Development	(264,893)
Estimated Present Value of Current Developments <sup>1</sup>	(4,175,567)
Implied In-service Portfolio Value (A)	<u>\$ 24,067,265</u>
BXP's Share of In-service Square Feet (square feet in thousands) (B)	40,248
Implied Value per Square Foot (A ÷ B)	\$ 598

### Adjusted BXP's Share of Annualized NOI - cash

BXP's Share of Annualized NOI (excluding termination income) <sup>2</sup>	\$ 1,802,356
Annualized Lease Transaction Costs that Qualify as Rent Inducements	9,596
Annualized BXP's share of Lease Transaction Costs that Qualify as Rent Inducements from Unconsolidated JVs	7,400
Annualized Straight-Line Ground Rent Expense Adjustment	3,904
Annualized BXP's share of straight-line ground rent expense adjustment from unconsolidated JVs	164
Annualized Partners' share of lease transaction costs that qualify as rent inducements from consolidated JVs	(904)
Adjustment to NOI for Properties Under (Re)Development	(6,792)
Management Fee Expense Deduction	(40,248)
Annualized Straight-Line Rent and Fair Value Lease Revenue	(137,684)
Annualized BXP's share of Straight-Line Rent and Fair Value of Lease Revenue from Unconsolidated JVs	(22,516)
Annualized Partners' share of Straight-Line Rent and Fair Value of Lease Revenue from Consolidated JVs	22,396
Adjusted BXP's Share of Annualized NOI - cash (excluding termination income) (C)	<u>\$ 1,637,672</u>

Implied Cap Rate incl. Projected Growth (C ÷ A) 6.80 %

### Inferred Stock Price Calculations

Adjusted BXP's Share of Annualized NOI - cash (excluding termination income) incl. Projected Growth (C)	\$ 1,637,672	\$ 1,637,672	\$ 1,637,672	\$ 1,637,672
Estimated Market Capitalization Rate (D)	4.0%	5.0%	6.0%	7.0 %
Estimated Enterprise Value (C ÷ D)	\$ 40,941,800	\$ 32,753,440	\$ 27,294,533	\$ 23,395,314
Less:				
BXP's Share of Debt	(12,890,196)	(12,890,196)	(12,890,196)	(12,890,196)
Net Assets & Liabilities	(146,120)	(146,120)	(146,120)	(146,120)
Management Services Income	252,136	252,136	252,136	252,136
Land Held for Future Development	264,893	264,893	264,893	264,893
Estimated Present Value of Current Developments <sup>1</sup>	4,175,567	4,175,567	4,175,567	4,175,567
Total Adjustments (E)	<u>\$ (8,343,720)</u>	<u>\$ (8,343,720)</u>	<u>\$ (8,343,720)</u>	<u>\$ (8,343,720)</u>
Real Estate Value less adjustments [E + (C ÷ D)]	<u>\$ 32,598,080</u>	<u>\$ 24,409,720</u>	<u>\$ 18,950,813</u>	<u>\$ 15,051,594</u>
Diluted Shares Outstanding (F)	173,080	173,080	173,080	173,080
Implied Stock Price [(E + (C ÷ D)) ÷ F]	\$ 188.34	\$ 141.03	\$ 109.49	\$ 86.96

### Valuation Components

Price per Share (at 6/24/2020)	\$ 89.69
Diluted Shares Outstanding	173,080
Preferred Stock	\$ 200,000
Equity Value (at 6/1/2020)	\$ 15,723,545
BXP's Share of Debt <sup>3,4</sup>	<u>12,890,196</u>
BXP's Share of Market Capitalization	<u>\$ 28,613,741</u>

### BXP Non-Real Estate Assets

Cash and Cash Equivalents (at 6/1/2020)	\$ 1,660,733
Development costs remaining to fund (discounted at 4.5%)	(1,390,692)
Cash Held in Escrows	197,845
Investments in Securities	28,101
Tenant and Other Receivables, Net	89,431
Notes & Related Party Receivables, Net	94,594
Prepaid Expenses and Other Assets <sup>5</sup>	<u>128,533</u>
Non-Real Estate Assets	<u>\$ 808,545</u>

### BXP Non-Real Estate Liabilities

Accounts Payable and Accrued Expenses	\$ 293,831
Dividends & Distributions Payable	171,026
Accrued Interest Payable	82,388
Finance Lease Liabilities	227,067
Other Liabilities <sup>5</sup>	<u>180,353</u>
Non-Real Estate Liabilities	<u>\$ 954,665</u>

<sup>1</sup>For additional information, refer to the "Projected Returns from Developments Enhance Growth" page in the Company's Q1 2020 Investor Materials. Calculations assume a projected weighted-average stabilized BXP's Share of NOI—cash yield of 6.7% on BXP's Share of total budgeted costs, which is then valued at a 4.5% cap rate. The value of current developments is then discounted at an annual rate of 4.5% for the period through stabilization to determine present value.

<sup>2</sup>See "Net Operating Income (NOI)" in this Appendix.

<sup>3</sup>See "Debt to Market Capitalization Ratios" in this Appendix.

<sup>4</sup>Adjusted to include \$1.25 B unsecured issuance on 5/05/2020, and the commensurate pay down of \$250 MM outstanding on the Revolving Credit Facility.

<sup>5</sup>Excludes non-cash items.



# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Net Operating Income (NOI)

(in thousands)

	Quarter ended March 31, 2020		Quarter ended March 31, 2020
Net income attributable to Boston Properties, Inc. common shareholders	\$ 497,496	BXP's Share of Annualized NOI (excluding termination income) <b>(A x 4)</b>	\$ 1,802,356
Preferred dividends	2,625	Add:	
Net income attributable to Boston Properties, Inc.	500,121	Termination income	2,399
Net income attributable to noncontrolling interests:		BXP's share of termination income from unconsolidated JVs <sup>1</sup>	—
Noncontrolling interest - common units of the Operating Partnership	57,539	Less:	
Noncontrolling interests in property partnerships	19,486	Partners' share of termination income from consolidated JVs <sup>2</sup>	238
Net income	577,146	BXP's Share of Annualized NOI	<u>\$ 1,804,517</u>
Add:		BXP's Share of Annualized NOI (excluding termination income) <b>(A x 4)</b>	\$ 1,802,356
Interest expense	101,591	Add:	
Loss from early extinguishment of debt	—	Annualized Lease transaction costs that qualify as rent inducements	9,596
Depreciation and amortization expense	171,094	Annualized BXP's share of lease transaction costs that qualify as rent inducements from unconsolidated JVs <sup>1</sup>	7,400
Transaction costs	615	Annualized Straight-line ground rent expense adjustment	3,904
Payroll and related costs from management services contracts	3,237	Annualized BXP's share of straight-line ground rent expense adjustment from unconsolidated JVs <sup>1</sup>	164
General and administrative expense	36,454	Less:	
Less:		Annualized Partners' share of lease transaction costs that qualify as rent inducements from consolidated JVs <sup>2</sup>	904
Interest and other income	3,017	Adjustment to NOI for properties under re(development)	6,792
Gains (losses) from investments in securities	(5,445)	Annualized Management fee expense deduction	40,248
Gains (losses) on sales of real estate	410,165	Annualized Straight-line rent and fair value lease revenue	137,684
Income (loss) from unconsolidated joint ventures ("JVs")	(369)	Annualized BXP's share of straight-line rent and fair value of lease revenue from unconsolidated JVs <sup>1</sup>	22,516
Direct reimbursements of payroll and related costs from management services contracts	3,237	Add:	
Development and management services revenue	7,879	Annualized Partners' share of straight-line rent and fair value of lease revenue from consolidated JVs <sup>2</sup>	\$ 22,396
Consolidated NOI	471,653	Adjusted BXP's Share of Annualized NOI—Cash	<u>\$ 1,637,672</u>
Add:			
BXP's share of NOI from unconsolidated JVs <sup>1</sup>	28,758		
Less:			
Partners' share of NOI from consolidated JVs (after income allocation to private REIT shareholders) <sup>2</sup>	47,661		
Termination income	2,399		
BXP's share of termination income from unconsolidated JVs <sup>1</sup>	—		
Add:			
Partners' share of termination income from consolidated JVs <sup>2</sup>	238		
BXP's Share of NOI (excluding termination income) <b>(A)</b>	<u>\$ 450,589</u>		

<sup>1</sup>See "Joint Ventures-Unconsolidated" in this Appendix. Annualized amounts represent amounts for the quarter ended March 31, 2020, multiplied by four (4).

<sup>2</sup>See "Joint Ventures-Consolidated" in this Appendix. Annualized amounts represent amounts for the quarter ended March 31, 2020, multiplied by four (4).

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Revenue and Rental Revenue

(in thousands)

	Quarter ended March 31, 2020
Revenue	\$ 752,556
Add:	
BXP's share of revenue from unconsolidated Joint Ventures ("JVs") <sup>1</sup>	45,408
Less:	
Partners' share of revenue from consolidated JVs <sup>2</sup>	77,577
Termination income	2,399
BXP's share of termination income from unconsolidated JVs <sup>1</sup>	—
Add:	
Partners' share of termination income from consolidated JVs <sup>2</sup>	238
BXP's Share of Revenue (excluding termination income) <b>(A)</b>	<u>\$ 718,226</u>
 BXP's Share of Annualized Revenue (excluding termination income) <sup>3</sup> <b>(A x 4)</b>	 \$ 2,872,904
Add:	
Termination income	2,399
BXP's share of termination income from unconsolidated JVs <sup>1</sup>	—
Less:	
Partners' share of termination income from consolidated JVs <sup>2</sup>	238
BXP's Share of Annualized Revenue	<u>\$ 2,875,065</u>

	Quarter ended March 31, 2020
Revenue	\$ 752,556
Less:	
Direct reimbursements of payroll and related costs from management services contracts	3,237
Development and management services	7,879
Rental Revenue	<u>741,440</u>
Add:	
BXP's share of Rental Revenue from unconsolidated JVs <sup>1</sup>	45,406
Less:	
Partners' share of Rental Revenue from consolidated JVs <sup>2</sup>	77,577
BXP's Share of Rental Revenue	<u>\$ 709,269</u>
Less:	
Termination income	2,399
BXP's share of termination income from unconsolidated JVs <sup>1</sup>	—
Add:	
Partners' share of termination income from consolidated JVs <sup>2</sup>	238
BXP's Share of Rental Revenue (excluding termination income) <b>(B)</b>	<u>\$ 707,108</u>
 BXP's Share of Annualized Rental Revenue (excluding termination income) <sup>3</sup> <b>(B x 4)</b>	 \$ 2,828,432

<sup>1</sup> See "Joint Ventures-Unconsolidated" in this Appendix.

<sup>2</sup> See "Joint Ventures-Consolidated" in this Appendix.

<sup>3</sup> BXP's Share of Annualized Revenue (excluding termination income) equals BXP's Share of Revenue (excluding termination income), multiplied by four (4). Similarly, BXP's Share of Annualized Rental Revenue (excluding termination income) equals BXP's Share of Rental Revenue (excluding termination income), multiplied by four (4).

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## FFO per share

<b>Growth in FFO Per Share (Diluted)</b>	<u>2019</u>	<u>2018</u>	<u>Percentage Increase/ (Decrease)</u>	<u>2018</u>	<u>2017</u>	<u>Percentage Increase/ (Decrease)</u>	<u>2017</u>	<u>2016</u>	<u>Percentage Increase/ (Decrease)</u>
Earnings per share (diluted)	\$ 3.30	\$ 3.75	(12.0)%	\$ 3.75	\$ 2.93	28.0%	\$ 2.93	\$ 3.26	(10.1)%
Add:									
Company's share of real estate depreciation and amortization	3.85	3.61		3.61	3.33		3.33	3.59	
Impairment loss	0.14	—		—	—		—	—	
Company's share of (gains) losses on sales of real estate	(0.28)	—		—	—		—	—	
Less:									
Gain on sale of investment in unconsolidated joint venture	—	—		—	—		—	0.35	
Gains on sales of real estate	—	1.06		1.06	0.04		0.04	0.47	
FFO per share (diluted)	<u>7.01</u>	<u>6.30</u>	<u>11.3 %</u>	<u>6.30</u>	<u>6.22</u>	<u>1.3%</u>	<u>6.22</u>	<u>6.03</u>	<u>3.2 %</u>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## Rental Revenue - **DO WE NEED THIS SLIDE / CREATED FOR YE IR PRESENTATION**

(in thousands)

	Quarter ended March 31, 2020
Revenue	\$ 752,556
Less:	
Direct reimbursements of payroll and related costs from management services contracts	3,237
Development and management services	7,879
Rental Revenue	741,440
Add:	
BXP's share of Rental Revenue from unconsolidated JVs <sup>1</sup>	45,406
Less:	
Partners' share of Rental Revenue from consolidated JVs <sup>2</sup>	77,577
BXP's Share of Rental Revenue	\$ 709,269
Less:	
Termination income	2,399
BXP's share of termination income from unconsolidated JVs <sup>1</sup>	—
Add:	
Partners' share of termination income from consolidated JVs <sup>2</sup>	238
BXP's Share of Rental Revenue (excluding termination income) <b>(A)</b>	<u>\$ 707,108</u>
 BXP's Share of Annualized Rental Revenue (excluding termination income) <sup>3</sup> <b>(A x 4)</b>	 <u>\$ 2,828,432</u>

<sup>1</sup>See "Joint Ventures-Unconsolidated" in this Appendix.

<sup>2</sup>See "Joint Ventures-Consolidated" in this Appendix.

<sup>3</sup>BXP's Share of Annualized Rental Revenue (excluding termination income) equals BXP's Share of Rental Revenue (excluding termination income), multiplied by four (4).

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

## BXP's Share of Same Property Net Operating Income—cash (excluding termination income)

(in thousands)

Please see the following pages for complete reconciliations of BXP's Share of Same Property NOI—cash (excluding termination income) for each quarterly period presented over the past five years.

2019					2018				2017			
	31-Mar-19	31-Mar-18	Change (\$)	Change (%)	31-Mar-18	31-Mar-17	Change (\$)	Change (%)	31-Mar-17	31-Mar-16	Change (\$)	Change (%)
Q1	\$ 368,940	\$ 337,759	31,181	9.2 %	\$ 335,553	\$ 338,860	(3,307)	(1.0)%	\$ 328,368	\$ 321,831	6,537	2.0 %
	30-Jun-19	30-Jun-18	Change (\$)	Change (%)	30-Jun-18	30-Jun-17	Change (\$)	Change (%)	30-Jun-17	30-Jun-16	Change (\$)	Change (%)
Q2	\$ 377,245	\$ 346,028	31,217	9.0 %	\$ 344,912	\$ 356,617	(11,705)	(3.3)%	\$ 344,583	\$ 335,171	9,412	2.8 %
	30-Sep-19	30-Sep-18	Change (\$)	Change (%)	30-Sep-18	30-Sep-17	Change (\$)	Change (%)	30-Sep-17	30-Sep-16	Change (\$)	Change (%)
Q3	\$ 372,475	\$ 354,093	18,382	5.2 %	\$ 355,058	\$ 346,325	8,733	2.5 %	\$ 346,146	\$ 336,885	9,261	2.7 %
	31-Dec-19	31-Dec-18	Change (\$)	Change (%)	31-Dec-18	31-Dec-17	Change (\$)	Change (%)	31-Dec-17	31-Dec-16	Change (\$)	Change (%)
Q4	\$ 373,088	\$ 373,613	(525)	(0.1)%	\$ 371,103	\$ 343,949	27,154	7.9 %	\$ 342,461	\$ 343,103	(642)	(0.2)%
Average Change (%)				5.8 %				1.5 %				1.9 %
2016					2015							
	31-Mar-16	31-Mar-15	Change (\$)	Change (%)	31-Mar-15	31-Mar-14	Change (\$)	Change (%)				
Q1	\$ 322,168	\$ 301,136	21,032	7.0 %	\$ 318,345	\$ 314,478	3,867	1.2 %				
	30-Jun-16	30-Jun-15	Change (\$)	Change (%)	30-Jun-15	30-Jun-14	Change (\$)	Change (%)				
Q2	\$ 334,902	\$ 319,807	15,095	4.7 %	\$ 331,214	\$ 327,992	3,222	1.0 %				
	30-Sep-16	30-Sep-15	Change (\$)	Change (%)	30-Sep-15	30-Sep-14	Change (\$)	Change (%)				
Q3	\$ 322,185	\$ 318,833	3,352	1.1 %	\$ 327,493	\$ 329,953	(2,460)	(0.7)%				
	31-Dec-16	31-Dec-15	Change (\$)	Change (%)	31-Dec-15	31-Dec-14	Change (\$)	Change (%)				
Q4	\$ 326,978	\$ 315,166	11,812	3.7 %	\$ 304,493	\$ 300,686	3,807	1.3 %				
Average Change (%)				4.1 %				0.7 %				

42

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

	<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>31-Dec-19</u>	<u>31-Dec-18</u>	<u>30-Sep-19</u>	<u>30-Sep-18</u>	<u>30-Jun-19</u>	<u>30-Jun-18</u>	<u>31-Mar-19</u>	<u>31-Mar-18</u>
Net income (loss) attributable to Boston Properties, Inc. common shareholders	\$ 140,824	\$ 148,529	\$ 107,771	\$ 119,118	\$ 164,318	\$ 128,681	\$ 98,105	\$ 176,021
Preferred dividends	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>
Net income (loss) attributable to Boston Properties, Inc.	143,449	151,154	110,396	121,743	166,943	131,306	100,730	178,646
Net income attributable to noncontrolling interests:								
Noncontrolling interest - common units of the Operating Partnership	16,222	17,662	12,504	13,852	19,036	14,859	11,599	20,432
Noncontrolling interest in property partnerships	<u>16,338</u>	<u>16,425</u>	<u>18,470</u>	<u>14,850</u>	<u>17,482</u>	<u>14,400</u>	<u>18,830</u>	<u>17,234</u>
Net income	176,009	185,241	141,370	150,445	203,461	160,565	131,159	216,312
Add:								
(Gains) losses from early extinguishments of debt	1,530	16,490	28,010	—	—	—	—	—
Interest expense	102,880	100,378	106,471	95,366	102,357	92,204	101,009	90,220
Depreciation and amortization expense	169,897	165,439	165,862	157,996	177,411	156,417	164,594	165,797
Impairment loss	—	11,812	—	—	—	—	24,038	—
Transaction costs	569	195	538	914	417	474	460	21
Payroll and related costs from management services contracts	2,159	2,219	2,429	2,516	2,403	1,970	3,395	2,885
General and administrative expense	32,797	27,683	31,147	29,677	35,071	28,468	41,762	35,894
Subtract:								
(Gains) losses from investments in securities	(2,177)	3,319	(106)	(1,075)	(1,165)	(505)	(2,969)	126
Interest and other income	(4,393)	(3,774)	(7,178)	(2,822)	(3,615)	(2,579)	(3,753)	(1,648)
(Gains) losses on sales of real estate	57	(59,804)	15	(7,863)	(1,686)	(18,292)	905	(96,397)
(Income) loss from unconsolidated joint ventures	936	(5,305)	649	4,314	(47,964)	(769)	(213)	(461)
Direct reimbursements of payroll and related costs from management services contracts	(2,159)	(2,219)	(2,429)	(2,516)	(2,403)	(1,970)	(3,395)	(2,885)
Development and management services revenue	<u>(10,473)</u>	<u>(12,195)</u>	<u>(10,303)</u>	<u>(15,254)</u>	<u>(9,986)</u>	<u>(9,305)</u>	<u>(9,277)</u>	<u>(8,405)</u>
Net Operating Income ("NOI")	467,632	429,479	456,475	411,698	454,301	406,678	447,715	401,459
Subtract:								
Straight-line rent	(40,460)	(1,830)	(20,123) <sup>1</sup>	848	(17,017)	(19,972)	(22,483)	(27,101)
Fair value lease revenue	(2,965)	(6,076)	(4,961)	(6,053)	(6,012)	(6,092)	(6,248)	(5,590)
Termination income	(1,397)	(4,775)	(1,960)	(1,350)	(4,910)	(718)	(6,936)	(1,362)
Add:								
Straight-line ground rent expense adjustment <sup>2</sup>	843	887	843	887	843	887	855	898
Lease transaction costs that qualify as rent inducements	<u>2,170</u>	<u>3,989</u>	<u>2,140</u>	<u>3,866</u>	<u>1,438</u>	<u>521</u>	<u>879</u>	<u>316</u>
<b>NOI - cash</b>	425,823	421,674	432,414	409,896	428,643	381,304	413,782	368,620
Subtract:								
NOI - cash from non Same Properties (excluding termination income)	<u>(31,389)</u>	<u>(24,316)</u>	<u>(31,571)</u>	<u>(26,007)</u>	<u>(22,843)</u>	<u>(8,703)</u>	<u>(18,783)</u>	<u>(6,026)</u>
<b>Same Property NOI - cash (excluding termination income)</b>	394,434	397,358	400,843	383,889	405,800	372,601	394,999	362,594
Subtract:								
Partners' share of NOI - cash from consolidated JVs (excluding termination income)	(41,197)	(43,416)	(42,930) <sup>1</sup>	(43,922)	(41,862)	(38,408)	(42,802)	(38,108)
Add:								
Partners' share of NOI - cash from non Same Properties from consolidated JVs (excluding termination income)	273	854	263	834	334	153	641	109
BXP's share of NOI - cash from unconsolidated JVs (excluding termination income)	24,590	20,458	20,012	18,697	20,357	13,516	21,500	14,071
Subtract:								
BXP's share of NOI - cash from non Same Properties from unconsolidated JVs (excluding termination income)	<u>(5,012)</u>	<u>(1,641)</u>	<u>(5,713)</u>	<u>(5,405)</u>	<u>(7,384)</u>	<u>(1,834)</u>	<u>(5,398)</u>	<u>(907)</u>
<b>BXP's Share of Same Property NOI - cash (excluding termination income)</b>	<u>\$ 373,088</u>	<u>\$ 373,613</u>	<u>\$ 372,475</u> <sup>1</sup>	<u>\$ 354,093</u>	<u>\$ 377,245</u>	<u>\$ 346,028</u>	<u>\$ 368,940</u>	<u>\$ 337,759</u>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

	For the three months ended		For the three months ended		For the three months ended		For the three months ended	
	31-Dec-18	31-Dec-17	30-Sep-18	30-Sep-17	30-Jun-18	30-Jun-17	31-Mar-18	31-Mar-17
Net income (loss) attributable to Boston Properties, Inc. common shareholders	\$ 148,529	\$ 103,829	\$ 119,118	\$ 117,337	\$ 128,681	\$ 133,709	\$ 176,021	\$ 97,083
Preferred dividends	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>	<u>2,625</u>
Net income (loss) attributable to Boston Properties, Inc.	151,154	106,454	121,743	119,962	131,306	136,334	178,646	99,708
Net income attributable to noncontrolling interests:								
Noncontrolling interest - common units of the Operating Partnership	17,662	11,884	13,852	13,402	14,859	15,473	20,432	11,432
Noncontrolling interest in property partnerships	<u>16,425</u>	<u>13,865</u>	<u>14,850</u>	<u>14,340</u>	<u>14,400</u>	<u>15,203</u>	<u>17,234</u>	<u>4,424</u>
Net income	185,241	132,203	150,445	147,704	160,565	167,010	216,312	115,564
Add:								
(Gains) losses from early extinguishments of debt	16,490	13,858	—	—	—	(14,354)	—	—
Interest expense	100,378	91,772	95,366	92,032	92,204	95,143	90,220	95,534
Depreciation and amortization expense	165,439	154,259	157,996	152,164	156,417	151,919	165,797	159,205
Impairment loss	11,812	—	—	—	—	—	—	—
Transaction costs	195	96	914	239	474	299	21	34
Payroll and related costs from management services contracts	2,219	—	2,516	—	1,970	—	2,885	—
General and administrative expense	27,683	29,396	29,677	25,792	28,468	27,141	35,894	31,386
Subtract:								
(Gains) losses from investments in securities	3,319	(962)	(1,075)	(944)	(505)	(730)	126	(1,042)
Interest and other income	(3,774)	(2,336)	(2,822)	(1,329)	(2,579)	(1,504)	(1,648)	(614)
Gains on sales of real estate	(59,804)	(872)	(7,863)	(2,891)	(18,292)	(3,767)	(96,397)	(133)
(Income) loss from unconsolidated joint ventures	(5,305)	(4,197)	4,313	(843)	(769)	(3,108)	(461)	(3,084)
Direct reimbursements of payroll and related costs from management services contracts	(2,219)	—	(2,516)	—	(1,970)	—	(2,885)	—
Development and management services revenue	<u>(12,195)</u>	<u>(9,957)</u>	<u>(15,253)</u>	<u>(10,811)</u>	<u>(9,305)</u>	<u>(7,365)</u>	<u>(8,405)</u>	<u>(6,472)</u>
Net Operating Income ("NOI")	429,479	403,260	411,698	401,113	406,678	410,684	401,459	390,378
Subtract:								
Straight-line rent	(1,830)	(22,323)	848	(16,105)	(19,972)	(3,060)	(27,101)	(12,023)
Fair value lease revenue	(6,076)	(5,655)	(6,053)	(5,781)	(6,092)	(5,464)	(5,590)	(5,390)
Termination income	(4,775)	(756)	(1,350)	(4,783)	(718)	(13,601)	(1,362)	(3,918)
Add:								
Straight-line ground rent expense adjustment <sup>2</sup>	887	929	887	929	887	929	898	941
Lease transaction costs that qualify as rent inducements	<u>3,989</u>	<u>225</u>	<u>3,866</u>	<u>(102)</u>	<u>521</u>	<u>115</u>	<u>316</u>	<u>682</u>
<b>NOI - cash</b>	421,674	375,680	409,896	375,271	381,304	389,603	368,620	370,670
Subtract:								
NOI - cash from non Same Properties (excluding termination income)	<u>(23,135)</u>	<u>(6,629)</u>	<u>(26,602)</u>	<u>(2,135)</u>	<u>(10,207)</u>	<u>105</u>	<u>(6,915)</u>	<u>(1,922)</u>
<b>Same Property NOI - cash (excluding termination income)</b>	398,539	369,051	383,294	373,136	371,097	389,708	361,705	368,748
Subtract:								
Partners' share of NOI - cash from consolidated JVs (excluding termination income)	(43,416)	(38,390)	(43,922)	(38,758)	(39,865)	(45,314)	(39,770)	(41,051)
Add:								
Partners' share of NOI - cash from non Same Properties from consolidated JVs (excluding termination income and after priority allocation and income allocation to private REIT shareholders)	854	(6)	834	(596)	189	(882)	313	(279)
BXP's share of NOI - cash from unconsolidated JVs (excluding termination income)	20,458	13,346	18,697	12,543	13,516	13,105	14,071	11,442
Subtract:								
BXP's share of NOI - cash from non Same Properties from unconsolidated JVs (excluding termination income)	<u>(5,332)</u>	<u>(52)</u>	<u>(3,845)</u>	<u>—</u>	<u>(25)</u>	<u>—</u>	<u>(766)</u>	<u>—</u>
<b>BXP's Share of Same Property NOI - cash (excluding termination income)</b>	<u>\$ 371,103</u>	<u>\$ 343,949</u>	<u>\$ 355,058</u>	<u>\$ 346,325</u>	<u>\$ 344,912</u>	<u>\$ 356,617</u>	<u>\$ 335,553</u>	<u>\$ 338,860</u>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

	<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>31-Dec-17</u>	<u>30-Dec-16</u>	<u>30-Sep-17</u>	<u>30-Sep-16</u>	<u>30-Jun-17</u>	<u>30-Jun-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
Net income (loss) attributable to Boston Properties, Inc. common shareholders	\$ 103,829	\$ 147,214	\$ 117,337	\$ 76,753	\$ 133,709	\$ 96,597	\$ 97,083	\$ 181,747
Preferred dividends	<u>2,625</u>	<u>2,704</u>	<u>2,625</u>	<u>2,589</u>	<u>2,625</u>	<u>2,589</u>	<u>2,625</u>	<u>2,618</u>
Net income (loss) attributable to Boston Properties, Inc.	106,454	149,918	119,962	79,342	136,334	99,186	99,708	184,365
Net income attributable to noncontrolling interests:								
Noncontrolling interest - common units of the Operating Partnership	11,884	17,097	13,402	9,387	15,473	11,357	11,432	21,393
Noncontrolling interest in property partnerships	<u>13,865</u>	<u>(2,121)</u>	<u>14,340</u>	<u>(17,225)</u>	<u>15,203</u>	<u>6,814</u>	<u>4,424</u>	<u>10,464</u>
Net income	132,203	164,894	147,704	71,504	167,010	117,357	115,564	216,222
Add:								
(Gains) losses from early extinguishments of debt	13,858	—	—	371	(14,354)	—	—	—
Losses from interest rate contracts	—	—	—	140	—	—	—	—
Interest expense	91,772	97,896	92,032	104,641	95,143	105,003	95,534	105,309
Depreciation and amortization expense	154,259	178,032	152,164	203,748	151,919	153,175	159,205	159,448
Impairment loss	—	—	—	1,783	—	—	—	—
Transaction costs	96	1,200	239	249	299	913	34	25
General and administrative expense	29,396	25,293	25,792	25,165	27,141	25,418	31,386	29,353
Subtract:								
(Gains) losses from investments in securities	(962)	(560)	(944)	(976)	(730)	(478)	(1,042)	(259)
Interest and other income	(2,336)	(573)	(1,329)	(3,628)	(1,504)	(1,524)	(614)	(1,505)
Gains on sales of real estate	(872)	—	(2,891)	(12,983)	(3,767)	—	(133)	(67,623)
Gains on sale of investment in unconsolidated joint venture	—	(59,370)	—	—	—	—	—	—
(Income) loss from unconsolidated joint ventures	(4,197)	(2,585)	(843)	(1,464)	(3,108)	(2,234)	(3,084)	(1,791)
Development and management services revenue	<u>(9,957)</u>	<u>(9,698)</u>	<u>(10,811)</u>	<u>(6,364)</u>	<u>(7,365)</u>	<u>(5,533)</u>	<u>(6,472)</u>	<u>(6,689)</u>
Net Operating Income ("NOI")	403,260	394,529	401,113	382,186	410,684	392,097	390,378	432,490
Subtract:								
Straight-line rent	(22,323)	(14,711)	(16,105)	(11,107)	(3,060)	6,503	(12,023)	(14,424)
Fair value lease revenue	(5,655)	(6,840)	(5,781)	(6,547)	(5,464)	(8,808)	(5,390)	(8,186)
Termination income	(756)	(504)	(4,783)	170	(13,601)	(7,654)	(3,918)	(51,306)
Add:								
Straight-line ground rent expense adjustment <sup>2</sup>	929	971	929	971	929	971	941	982
Lease transaction costs that qualify as rent inducements	<u>225</u>	<u>487</u>	<u>(102)</u>	<u>861</u>	<u>115</u>	<u>2,200</u>	<u>682</u>	<u>5,305</u>
<b>NOI - cash (excluding termination income)</b>	375,680	373,932	375,271	366,534	389,603	385,309	370,670	364,861
Subtract:								
NOI - cash from non Same Properties (excluding termination income)	<u>(6,884)</u>	<u>(23)</u>	<u>(467)</u>	<u>532</u>	<u>(6,818)</u>	<u>(19,492)</u>	<u>(8,187)</u>	<u>(10,625)</u>
<b>Same Property NOI - cash (excluding termination income)</b>	368,796	373,909	374,804	367,066	382,785	365,817	362,483	354,236
Subtract:								
Partners' share of NOI - cash from consolidated JVs (excluding termination income)	(40,084)	(40,655)	(40,283)	(39,901)	(45,314)	(40,415)	(41,051)	(41,703)
Add:								
Partners' share of NOI - cash from non Same Properties from consolidated JVs (excluding termination income and after priority allocation and income allocation to private REIT shareholders)	192	(600)	(589)	(231)	(882)	1,577	(279)	1,571
BXP's share of NOI - cash from unconsolidated JVs (excluding termination income)	13,557	10,602	12,708	10,647	13,182	8,881	11,537	9,109
Subtract:								
BXP's share of NOI - cash from non Same Properties from unconsolidated JVs (excluding termination income)	—	(153)	(494)	(696)	(5,188)	(689)	(4,322)	(1,382)
<b>BXP's Share of Same Property NOI - cash (excluding termination income)</b>	<u>\$ 342,461</u>	<u>\$ 343,103</u>	<u>\$ 346,146</u>	<u>\$ 336,885</u>	<u>\$ 344,583</u>	<u>\$ 335,171</u>	<u>\$ 328,368</u>	<u>\$ 321,831</u>



# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

	For the three months ended		For the three months ended		For the three months ended		For the three months ended	
	31-Dec-16	30-Dec-15	30-Sep-16	30-Sep-15	30-Jun-16	30-Jun-15	31-Mar-16	31-Mar-15
Net income (loss) attributable to Boston Properties, Inc. common shareholders	\$ 147,214	\$ 137,851	\$ 76,753	\$ 184,082	\$ 96,597	\$ 79,460	\$ 181,747	\$ 171,182
Preferred dividends	<u>2,704</u>	<u>2,646</u>	<u>2,589</u>	<u>2,647</u>	<u>2,589</u>	<u>2,618</u>	<u>2,618</u>	<u>2,589</u>
Net income (loss) attributable to Boston Properties, Inc.	149,918	140,497	79,342	186,729	99,186	82,078	184,365	173,771
Net income attributable to noncontrolling interests:								
Noncontrolling interest - common units of the Operating Partnership	17,097	16,098	9,387	21,302	11,357	9,394	21,393	20,188
Noncontrolling interest - redeemable preferred units of the Operating Partnership	—	—	—	—	—	3	—	3
Noncontrolling interest in property partnerships	<u>(2,121)</u>	<u>10,143</u>	<u>(17,225)</u>	<u>115,240</u>	<u>6,814</u>	<u>9,264</u>	<u>10,464</u>	<u>15,208</u>
Net income	164,894	166,738	71,504	323,271	117,357	100,739	216,222	209,170
Add:								
(Gains) losses from early extinguishments of debt	—	22,040	371	—	—	—	—	—
Losses from interest rate contracts	—	—	140	—	—	—	—	—
Interest expense	97,896	106,178	104,641	108,727	105,003	108,534	105,309	108,757
Depreciation and amortization expense	178,032	164,460	203,748	153,015	153,175	167,844	159,448	154,223
Impairment loss	—	—	1,783	—	—	—	—	—
Transaction costs	1,200	470	249	254	913	208	25	327
General and administrative expense	25,293	24,300	25,165	20,944	25,418	22,284	29,353	28,791
Subtract:								
(Gains) losses from investments in securities	(560)	(493)	(976)	1,515	(478)	24	(259)	(393)
Interest and other income	(573)	(440)	(3,628)	(3,637)	(1,524)	(1,293)	(1,505)	(1,407)
Gains on sales of real estate	—	(81,332)	(12,983)	(199,479)	—	—	(67,623)	(95,084)
Gains on sale of investment in unconsolidated joint venture	(59,370)	—	—	—	—	—	—	—
(Income) loss from unconsolidated joint ventures	(2,585)	(2,211)	(1,464)	(2,647)	(2,234)	(3,078)	(1,791)	(14,834)
Development and management services revenue	<u>(9,698)</u>	<u>(6,452)</u>	<u>(6,364)</u>	<u>(5,912)</u>	<u>(5,533)</u>	<u>(4,862)</u>	<u>(6,689)</u>	<u>(5,328)</u>
Net Operating Income ("NOI")	394,529	393,258	382,186	396,051	392,097	390,400	432,490	384,222
Subtract:								
Straight-line rent	(14,711)	(19,623)	(11,107)	(15,992)	6,503	(18,454)	(14,424)	(25,928)
Fair value lease revenue	(6,840)	(7,450)	(6,547)	(8,838)	(8,808)	(9,648)	(8,186)	(9,962)
Termination income	(504)	(7,701)	170	(9,589)	(7,654)	(6,680)	(51,306)	(14,924)
Add:								
Straight-line ground rent expense adjustment <sup>2</sup>	998	(3,983)	1,031	891	935	1,106	987	1,196
Lease transaction costs that qualify as rent inducements	<u>487</u>	<u>1,939</u>	<u>861</u>	<u>1,911</u>	<u>2,200</u>	<u>4,285</u>	<u>5,305</u>	<u>4,532</u>
<b>NOI - cash (excluding termination income)</b>	373,959	356,440	366,594	364,434	385,273	361,009	364,866	339,136
Subtract:								
NOI - cash from non Same Properties (excluding termination income)	<u>(12,840)</u>	<u>(9,765)</u>	<u>(12,000)</u>	<u>(13,240)</u>	<u>(18,515)</u>	<u>(8,935)</u>	<u>(9,792)</u>	<u>(9,615)</u>
<b>Same Property NOI - cash (excluding termination income)</b>	361,119	346,675	354,594	351,194	366,758	352,074	355,074	329,521
Subtract:								
Partners' share of NOI - cash from consolidated JVs (excluding termination income)	(40,655)	(41,303)	(39,901)	(47,897)	(40,415)	(48,282)	(41,703)	(48,403)
Add:								
Partners' share of NOI - cash from non Same Properties from consolidated JVs (excluding termination income and after priority allocation and income allocation to private REIT shareholders)	(601)	1,684	(231)	5,290	—	4,808	—	5,084
BXP's share of NOI - cash from unconsolidated JVs (excluding termination income)	10,602	9,396	10,647	11,145	8,881	11,207	9,109	14,934
Subtract:								
BXP's share of NOI - cash from non Same Properties from unconsolidated JVs (excluding termination income)	<u>(3,487)</u>	<u>(1,286)</u>	<u>(2,924)</u>	<u>(899)</u>	<u>(322)</u>	<u>—</u>	<u>(312)</u>	<u>—</u>
<b>BXP's Share of Same Property NOI - cash (excluding termination income)</b>	<u>\$ 326,978</u>	<u>\$ 315,166</u>	<u>\$ 322,185</u>	<u>\$ 318,833</u>	<u>\$ 334,902</u>	<u>\$ 319,807</u>	<u>\$ 322,168</u>	<u>\$ 301,136</u>

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

	<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>30-Sep-15</u>	<u>30-Sep-14</u>	<u>30-Jun-15</u>	<u>30-Jun-14</u>	<u>31-Mar-15</u>	<u>31-Mar-14</u>
Net income (loss) attributable to Boston Properties, Inc. common shareholders	\$ 137,851	\$ 174,510	\$ 184,082	\$ 127,724	\$ 79,460	\$ 76,527	\$ 171,182	\$ 54,034
Preferred dividends	<u>2,646</u>	<u>2,646</u>	<u>2,647</u>	<u>2,647</u>	<u>2,618</u>	<u>2,618</u>	<u>2,589</u>	<u>2,589</u>
Net income (loss) attributable to Boston Properties, Inc.	140,497	177,156	186,729	130,371	82,078	79,145	173,771	56,623
Net income attributable to noncontrolling interests:								
Noncontrolling interest - common units of the Operating Partnership	16,098	21,172	21,302	14,963	9,394	8,883	20,188	6,160
Noncontrolling interest - redeemable preferred units of the Operating Partnership	—	9	—	75	3	320	3	619
Noncontrolling interest in property partnerships	<u>10,143</u>	<u>13,088</u>	<u>115,240</u>	<u>5,566</u>	<u>9,264</u>	<u>7,553</u>	<u>15,208</u>	<u>4,354</u>
Net income	166,738	211,425	323,271	150,975	100,739	95,901	209,170	67,756
Add:								
(Gains) losses from early extinguishment of debt	22,040	10,633	—	—	—	—	—	—
Interest expense	106,178	117,904	108,727	113,308	108,534	110,977	108,757	113,554
Depreciation and amortization expense	164,460	162,430	153,015	157,245	167,844	154,628	154,223	154,270
Impairment loss	—	—	—	—	—	—	—	—
Transaction costs	470	640	254	1,402	208	661	327	437
General and administrative expense	24,300	23,172	20,944	22,589	22,284	23,271	28,791	29,905
Subtract:								
(Gains) losses from investments in securities	(493)	(387)	1,515	297	24	(662)	(393)	(286)
Interest and other income	(440)	(1,924)	(3,637)	(3,421)	(1,293)	(2,109)	(1,407)	(1,311)
Gains on sales of real estate	(81,332)	(126,102)	(199,479)	(41,937)	—	—	(95,084)	—
(Income) loss from unconsolidated joint ventures	(2,211)	(2,700)	(2,647)	(4,419)	(3,078)	(2,834)	(14,834)	(2,816)
Development and management services revenue	<u>(6,452)</u>	<u>(7,119)</u>	<u>(5,912)</u>	<u>(6,475)</u>	<u>(4,862)</u>	<u>(6,506)</u>	<u>(5,328)</u>	<u>(5,216)</u>
Net Operating Income ("NOI")	393,258	387,972	396,051	389,564	390,400	373,327	384,222	356,293
Subtract:								
Straight-line rent	(19,623)	(21,244)	(15,992)	(19,893)	(18,455)	(12,182)	(25,928)	(9,741)
Fair value lease revenue	(7,450)	(17,542)	(8,838)	(11,516)	(9,648)	(9,609)	(9,962)	(9,598)
Termination income	(7,701)	(1,134)	(9,589)	(8,164)	(6,680)	(986)	(14,924)	(1,110)
Add:								
Straight-line ground rent expense adjustment <sup>1</sup>	(3,983)	1,669	891	1,669	1,106	1,708	1,196	1,747
Lease transaction costs that qualify as rent inducements	<u>1,939</u>	<u>2,600</u>	<u>1,911</u>	<u>1,411</u>	<u>4,285</u>	<u>1,812</u>	<u>4,532</u>	<u>3,183</u>
<b>NOI - cash (excluding termination income)</b>	356,440	352,321	364,434	353,071	361,008	354,070	339,136	340,774
Subtract:								
NOI - cash from non Same Properties (excluding termination income)	<u>(1,646)</u>	<u>(6,374)</u>	<u>(18,966)</u>	<u>(6,899)</u>	<u>(12,161)</u>	<u>(6,724)</u>	<u>(5,066)</u>	<u>(6,235)</u>
<b>Same Property NOI - cash (excluding termination income)</b>	354,794	345,947	345,468	346,172	348,847	347,346	334,070	334,539
Subtract:								
Partners' share of NOI - cash from consolidated JVs (excluding termination income)	(59,340)	(58,608)	(47,896)	(29,436)	(46,630)	(30,465)	(48,403)	(30,777)
Add:								
Partners' share of NOI - cash from non Same Properties from consolidated JVs (excluding termination income and after priority allocation and income allocation to private REIT shareholders)	—	1,968	19,625	1,949	17,759	—	17,654	—
BXP's share of NOI - cash from unconsolidated JVs (excluding termination income)	9,396	11,379	11,145	11,312	11,207	10,971	14,935	10,716
Subtract:								
BXP's share of NOI - cash from non Same Properties from unconsolidated JVs (excluding termination income)	<u>(357)</u>	<u>—</u>	<u>(849)</u>	<u>(44)</u>	<u>31</u>	<u>140</u>	<u>89</u>	<u>—</u>
<b>BXP's Share of Same Property NOI - cash (excluding termination income)</b>	<u>\$ 304,493</u>	<u>\$ 300,686</u>	<u>\$ 327,493</u>	<u>\$ 329,953</u>	<u>\$ 331,214</u>	<u>\$ 327,992</u>	<u>\$ 318,345</u>	<u>\$ 314,478</u>

## RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

<sup>1</sup> For the three months ended September 30, 2019, excludes the straight-line impact of approximately \$(36.9) million for Straight-line rent, \$(14.7) million for Partners' share of NOI - cash from consolidated JV (excluding termination income) and \$(22.2) million for BXP's Share of Same Property NOI - cash (excluding termination income) in connection with the deferred revenue received from a tenant. The tenant paid for improvements to a long-lived asset of the Company resulting in deferred revenue for the period until the asset was substantially complete, which occurred in the third quarter 2019.

<sup>2</sup> In light of the front-ended, uneven rental payments required by the Company's 99-year ground and air rights lease for the 100 Clarendon Street garage and Back Bay Transit Station in Boston, MA, and to make period-to-period comparisons more meaningful to investors, the adjustment does not include the straight-line impact of approximately \$173 and \$168 for the three months ended December 31, 2019 and 2018, respectively; \$176 and \$175 for the three months ended September 30, 2019 and 2018, respectively; \$176 and \$116 for the three months ended June 30, 2019 and 2018, respectively; \$120 and \$(46) for the three months ended March 31, 2019 and 2018, respectively; \$168 and \$(31) for the three months ended December 31, 2018 and 2017, respectively; \$175 and \$(375) for the three months ended September 30, 2018 and 2017, respectively; \$116 and \$(531) for the three months ended June 30, 2018 and 2017, respectively; \$(46) and \$(302) for the three months ended March 31, 2018 and 2017, respectively; \$(31) and \$27 for the three months ended December 31, 2017 and 2016, respectively; \$(375) and \$60 for the three months ended September 30, 2017 and 2016, respectively; \$(531) and \$(36) for the three months ended June 30, 2017 and 2016, respectively and \$(302) and \$5 for the three months ended March 31, 2017 and 2016, respectively. As of December 31, 2019, the Company had remaining lease payment obligations aggregating approximately \$26.0 million, all of which it expects to incur by the end of 2023 with no payments thereafter. Under GAAP, the Company recognizes expense of \$(87) per quarter on a straight-line basis over the term of the lease. However, unlike more traditional ground and air rights leases, the timing and amounts of the rental payments by the Company correlate to the uneven timing and funding by the Company of capital expenditures related to improvements at the Back Bay Transit Station. As a result, the amounts excluded from the adjustment each quarter through 2023 may vary significantly.

# RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL INFORMATION (UNAUDITED)

	<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>31-Dec-14</u>	<u>31-Dec-13</u>	<u>30-Sep-14</u>	<u>30-Sep-13</u>	<u>30-Jun-14</u>	<u>30-Jun-13</u>	<u>31-Mar-14</u>	<u>31-Mar-13</u>
Net income (loss) attributable to Boston Properties, Inc. common shareholders	\$ 174,510	\$ 88,719	\$ 127,724	\$ 152,677	\$ 76,527	\$ 452,417	\$ 54,034	\$ 47,854
Preferred dividends	<u>2,646</u>	<u>2,646</u>	<u>2,647</u>	<u>2,647</u>	<u>2,618</u>	<u>2,618</u>	<u>2,589</u>	<u>146</u>
Net income (loss) attributable to Boston Properties, Inc.	177,156	91,365	130,371	155,324	79,145	455,035	56,623	48,000
Net income attributable to noncontrolling interests:								
Noncontrolling interest in discontinued operations - common units of the Operating Partnership	—	2,713	—	8,970	—	333	—	2,066
Noncontrolling interest - common units of the Operating Partnership	21,172	7,302	14,963	8,339	8,883	50,489	6,160	4,111
Noncontrolling interest - redeemable preferred units of the Operating Partnership	9	2,661	75	1,082	320	1,123	619	1,180
Noncontrolling interest in property partnerships	<u>13,088</u>	<u>2,271</u>	<u>5,566</u>	<u>(3,279)</u>	<u>7,553</u>	<u>(219)</u>	<u>4,354</u>	<u>2,574</u>
Net income	211,425	106,312	150,975	170,436	95,901	506,761	67,756	57,931
Discontinued operations:								
Impairment loss from discontinued operations	—	—	—	—	—	—	—	3,241
Gain on forgiveness of debt from discontinued operations	—	—	—	—	—	—	—	(20,182)
Gains on sales of real estate from discontinued operations	—	(26,381)	—	(86,448)	—	—	—	—
Income (loss) from discontinued operations	<u>—</u>	<u>(536)</u>	<u>—</u>	<u>(1,677)</u>	<u>—</u>	<u>(3,315)</u>	<u>—</u>	<u>(2,494)</u>
Income from continuing operations	211,425	79,395	150,975	82,311	95,901	503,446	67,756	38,496
Add:								
(Gains) losses from early extinguishment of debt	10,633	—	—	30	—	(152)	—	—
Losses from interest rate contracts	—	—	—	—	—	—	—	—
Interest expense	117,904	121,134	113,308	122,173	110,977	103,140	113,554	100,433
Depreciation and amortization expense	162,430	154,475	157,245	153,253	154,628	133,456	154,270	119,453
Impairment loss	—	—	—	—	—	—	—	8,306
Transaction costs	640	—	1,402	766	661	535	437	443
Direct reimbursements of payroll and related costs from management services contracts	—	—	—	—	—	—	—	—
General and administrative expense	23,172	20,656	22,589	24,841	23,271	24,316	29,905	45,516
Subtract:								
(Gains) losses from investments in securities	(387)	(1,039)	297	(956)	(662)	(181)	(286)	(735)
Interest and other income	(1,924)	(1,664)	(3,421)	(3,879)	(2,109)	(1,296)	(1,311)	(1,471)
Gains on sales of real estate	(126,102)	—	(41,937)	—	—	—	—	—
Gains on consolidation of joint ventures	—	—	—	1,810	—	(387,801)	—	—
Gains on sale of investment in unconsolidated joint venture	—	—	—	—	—	—	—	—
(Income) loss from unconsolidated joint ventures	(2,700)	(2,834)	(4,419)	(14,736)	(2,834)	(48,783)	(2,816)	(8,721)
Direct reimbursements of payroll and related costs from management services contracts	—	—	—	—	—	—	—	—
Development and management services revenue	<u>(7,119)</u>	<u>(7,632)</u>	<u>(6,475)</u>	<u>(5,475)</u>	<u>(6,506)</u>	<u>(7,855)</u>	<u>(5,216)</u>	<u>(8,733)</u>
Net Operating Income ("NOI")	387,972	362,491	389,564	360,138	373,327	318,825	356,293	292,987
Subtract:								
Straight-line rent	(21,244)	(18,067)	(19,893)	(16,771)	(12,182)	(14,859)	(9,741)	(15,726)
Fair value lease revenue	(17,542)	(9,279)	(11,516)	(9,134)	(9,609)	(5,833)	(9,598)	(3,690)
Termination income	(1,134)	(664)	(8,164)	(1,380)	(986)	(287)	(1,110)	(476)
Add:								
Straight-line ground rent expense adjustment <sup>1</sup>	1,669	1,785	1,669	1,785	1,708	1,785	1,747	1,801
Lease transaction costs that qualify as rent inducements	<u>2,600</u>	<u>4,904</u>	<u>1,411</u>	<u>2,429</u>	<u>1,812</u>	<u>2,346</u>	<u>3,183</u>	<u>1,227</u>
<b>NOI - cash (excluding termination income)</b>	352,321	341,170	353,071	337,067	354,070	301,977	340,774	276,123
Subtract:								
NOI - cash from non Same Properties (excluding termination income)	<u>(1,176)</u>	<u>(4,694)</u>	<u>3,260</u>	<u>(1,079)</u>	<u>(45,901)</u>	<u>(16,753)</u>	<u>(50,141)</u>	<u>(712)</u>
<b>Same Property NOI - cash (excluding termination income)</b>	351,145	336,476	356,331	335,988	308,169	285,224	290,633	275,411
Subtract:								
Partners' share of NOI - cash from consolidated JVs (excluding termination income)	(58,608)	(28,506)	(29,416)	(20,424)	(30,465)	(9,494)	(30,777)	(4,658)
Add:								
Partners' share of NOI - cash from non Same Properties from consolidated JVs (excluding termination income and after priority allocation and income allocation to private REIT shareholders)	37,303	7,550	8,279	—	25,527	4,978	25,839	—
BXP's share of NOI - cash from unconsolidated JVs (excluding termination income)	11,357	10,959	11,312	11,010	10,971	28,367	9,382	37,284
Subtract:								
BXP's share of NOI - cash from non Same Properties from unconsolidated JVs (excluding termination income)	38	(7)	(44)	33	121	(18,118)	(778)	(28,364)
<b>BXP's Share of Same Property NOI - cash (excluding termination income)</b>	<u>\$ 341,235</u>	<u>\$ 326,472</u>	<u>\$ 346,462</u>	<u>\$ 326,607</u>	<u>\$ 314,323</u>	<u>\$ 290,957</u>	<u>\$ 294,299</u>	<u>\$ 279,673</u>