

Boston Properties Agrees to Sell a 45% Interest in Each of 601 Lexington Avenue, Atlantic Wharf Office Building and 100 Federal Street

September 16, 2014

BOSTON--(BUSINESS WIRE)--Sep. 16, 2014-- **Boston Properties, Inc. (NYSE: BXP)**, a real estate investment trust, announced that it has entered into a binding purchase and sale agreement to sell a 45% interest in each of 601 Lexington Avenue in New York City, and Atlantic Wharf Office Building and 100 Federal Street in Boston to affiliates of Norges Bank Investment Management for a gross purchase price of approximately \$1.5 billion in cash, which is based upon an aggregate valuation for the assets of approximately \$4.06 billion. Boston Properties and affiliates of Norges Bank Investment Management will form a joint venture for each property upon closing, and Boston Properties will retain property and leasing management for the ventures.

Boston Properties' Chief Executive Officer, Owen D. Thomas, commented, "We are delighted to expand our very important relationship with Norges Bank Investment Management, a leading global investor, through this partnership on three of our high-quality assets in New York and Boston. This transaction represents an important step in executing our current strategy of recycling capital from existing assets into new development."

601 Lexington Avenue is a 1,669,000 square foot Class A office complex located in the heart of Midtown Manhattan at East 53rd Street and Lexington Avenue purchased by the Company in 2001. The property consists of a 59-story tower as well as a six story low-rise office and retail building. A redevelopment and repositioning of the low rise components of the property will be considered by the parties in the coming years. The complex is currently 99% leased and subject to existing mortgage indebtedness of approximately \$714 million.

The Atlantic Wharf Office Building is a 791,000 square foot Class A office tower located on Boston's Waterfront with frontage on both the Rose Kennedy Greenway and historic Boston Harbor. Atlantic Wharf is Boston's first green skyscraper, certified LEED Platinum and was a recipient of the 2012 ULI Global Awards for Excellence. This 31-story office building was developed by Boston Properties and completed in 2011, and it is currently 100% leased. The property is unencumbered by debt.

100 Federal Street is a 1,323,000 square foot Class A office tower located in the heart of Boston's Financial District. 100 Federal Street occupies an entire two-acre city block and enjoys a prime location overlooking Post Office Square Park which features an open lawn, perennial gardens, arbors, fountains and mature trees. The 37-story tower features an expansive window line that affords panoramic views of the Financial District, the waterfront and Boston Harbor, the Charles River and the Cambridge skyline. The partners will consider a redevelopment and retail enhancement of the plaza and lower level spaces of the property in the coming years. Boston Properties acquired this building in 2012, and it is currently 91% leased. The property is unencumbered by debt.

Following the closing, Boston Properties will continue to include all of the assets and liabilities and results of operations of the properties owned by the joint ventures in its consolidated financial statements, and Norges Bank Investment Management's interests will be reflected in noncontrolling interests. The accompanying table presents the projected financial impact and reporting implications of this transaction. There can be no assurance that actual results will not differ materially from those projections.

The closing is subject to customary closing conditions and there can be no assurance that the sale will be completed on the terms currently contemplated or at all. Assuming the closing occurs as contemplated, the Company currently expects that it would distribute at least the amount of proceeds necessary to avoid paying a corporate level tax on the gain realized from the sale.

Boston Properties was advised on this transaction by Eastdil Secured.

The Company intends to provide additional commentary at its investor conference in Boston, MA on September 23, 2014, which will also be webcast to the public. The webcast can be accessed from the Company's website at www.bostonproperties.com in the Investor Relations section, where the presentation materials will also be posted during the presentations.

Boston Properties is a fully integrated, self-administered and self-managed real estate investment trust that develops, redevelops, acquires, manages, operates and owns a diverse portfolio of Class A office space, one hotel, three residential properties and five retail properties. The Company is one of the largest owners and developers of Class A office properties in the United States, concentrated in four markets – Boston, New York, San Francisco and Washington, DC.

This press release contains forward-looking statements within the meaning of the Federal securities laws. You can identify these statements by our use of the words "assumes," "believes," "estimates," "expects," "guidance," "intends," "plans," "projects" and similar expressions that do not relate to historical matters. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond Boston Properties' control and could materially affect actual results, performance or achievements. These factors include, without limitation, the Company's ability to satisfy the closing conditions to the pending transactions described above, the ability to enter into new leases or renew leases on favorable terms, dependence on tenants' financial condition, the uncertainties of real estate development, acquisition and disposition activity, the ability to effectively integrate acquisitions, the uncertainties of investing in new markets, the costs and availability of financing, the effectiveness of our interest rate hedging contracts, the ability of our joint venture partners to satisfy their obligations, the effects of local, national and international economic and market conditions (including the impact of the European sovereign debt issues), the effects of acquisitions, dispositions and possible impairment charges on our operating results, the impact of newly adopted accounting principles on the Company's accounting policies and on period-to-period comparisons of financial results, regulatory changes and other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission. Boston Properties does not undertake a duty to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Financial table to follow.

BOSTON PROPERTIES, INC.
PROJECTED COMBINED OPERATING RESULTS
FOR THE YEAR ENDING DECEMBER 31, 2015
(dollars in thousands)

	601 Lexington Avenue, Atlantic Wharf Office Building and 100 Federal Street		
	Prior to Joint Venture Formation	After Joint Venture Formation	Change
Base rent and recoveries from tenants	\$ 254,468	\$ 254,468	\$ -
Tenant lease termination income	1,960	1,960	-
Straight-line rent	(621)	(621)	-
Fair value lease revenue	3,310	3,310	-
Parking and other	5,368	5,368	-
Total rental revenue	264,485	264,485	-
Operating expenses (excluding management fees)	(100,596)	(100,596)	-
Revenue less operating expenses	163,889	163,889	-
Interest expense	(33,513)	(33,513)	-
Depreciation and amortization	(64,667)	(64,667)	-
Net income	\$ 65,709	\$ 65,709	\$ -
Noncontrolling interest in property partnerships share of net income (1)	-	27,213	27,213
Company share of net income	65,709	38,496	(27,213)
Company share of depreciation and amortization	64,667	35,567	(29,100)
Company share of FFO (2)	\$ 130,376	\$ 74,063	\$ (56,313)
Less Company Share of Interest Expense	33,513	18,432	(15,081)
Company Share Unleveraged FFO (2)	\$ 163,889	\$ 92,495	\$ (71,394)
Less Straight-line Rent and Fair Value Lease Revenue	(2,689)	(1,479)	1,210
Company Share of Unleveraged Cash FFO (3)	\$ 161,200	\$ 91,016	\$ (70,184)
Gross Sale Proceeds			\$ 1,505,784
Partner Share of Mortgage Debt			321,216
Unleveraged Sale Price			\$ 1,827,000
Reduction in the Company's share of Unleveraged Cash FFO resulting from sale (excluding partner's share of tenant lease termination income)			\$ (69,302)

(1) Noncontrolling Partner Interest in Property Partnership Reconciliation

Net income \$ 65,709

Partners' 45% share of net income	29,569	
Allocation of management fee expense to noncontrolling partner	(2,356)
Noncontrolling interest in property partnerships share of net income	\$ 27,213	

(2) Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), we calculate Funds from Operations, or "FFO," by adjusting net income (loss) (computed in accordance with GAAP, including non-recurring items) for gains (or losses) from sales of properties, impairment losses on depreciable real estate of consolidated real estate, impairment losses on investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated joint ventures, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure. Unleveraged FFO excludes, among other items, interest expense, which may vary depending on the level of corporate debt or property-specific debt. Management believes projected Unleveraged FFO is a useful measure in the real estate industry when determining the appropriate purchase price for a property or estimating a property's value. Other companies may compute FFO and Unleveraged FFO differently and these are not indicators of a real estate asset's capacity to generate cash flow.

(3) Unleveraged Cash FFO is a non-GAAP financial measure that is determined by subtracting non-cash straight-line rent and non-cash fair value lease revenues from unleveraged FFO. Other real estate companies may calculate this return differently. Management believes that projected Unleveraged Cash FFO is also a useful measure of a property's value when used in addition to Unleveraged FFO, because by eliminating the effect of straight-lining of rent and the treatment of in-place above- and below-market leases, it enables an investor to assess the projected cash on cash return from the property over the forecasted period.

Management is presenting these projections to assist investors in analyzing the expected impact of the transaction on the Company. Management does not intend to present this data for any other purpose, for any other period or for its other properties, and is not intending for this to otherwise provide information to investors about the Company's financial condition or results of operations. The Company does not undertake a duty to update any of these projections. There can be no assurance that actual results will not differ materially from these projections.

Source: Boston Properties, Inc.

AT THE COMPANY

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