Boston Properties Set to Enter New Market; Signs Agreement to Acquire a 49.8% Interest in Colorado Center in Santa Monica, California

May 24, 2016

BOSTON--(BUSINESS WIRE)--May 24, 2016-- **Boston Properties, Inc. (NYSE: BXP)**, announced today that it has signed a binding agreement with real estate funds managed by Blackstone, through its investment in Equity Office Properties, to acquire a 49.8% interest in an existing joint venture with Teachers Insurance and Annuity Association ("TIAA") that owns the fee interest in Colorado Center in Santa Monica, California. The agreed upon gross value for the 49.8% interest is approximately $511.1 million and Boston Properties expects to pay the purchase price using existing cash balances. Boston Properties will be the managing partner of the joint venture. There is currently no debt on the property.

This Smart News Release features multimedia. View the full release here: http://www.businesswire.com/news/home/20160524006662/en/

Boston Properties Set to Enter New Market; Signs Agreement to Acquire a 49.8% Interest in Colorado Center in Santa Monica, California (Photo: Business Wire)

The acquisition will enable Boston Properties to enter the Westside Los Angeles market, one of the most attractive real estate markets in the country. With six buildings and approximately 1,184,339 rentable square feet, as well as a three-level, underground parking garage with 3,100 stalls, Colorado Center is a premier office campus with a significant amenity base and open outdoor space located in the Santa Monica office market, which is home to the largest concentration of technology, media, advertising and entertainment tenants in Los Angeles. The campus sits on a 15-acre site in the Media and Entertainment District of Santa Monica, and it is one block north of the Bergamot Station of Los Angeles County's new Light Rail service connecting Colorado Center to downtown Santa Monica and Downtown Los Angeles. Colorado Center is currently 68% leased.

The impact of the acquisition was not included in Boston Properties' most recent earnings guidance issued on April 26, 2016. Assuming the closing occurs on July 1, 2016 and that no debt is placed on the property, Boston Properties estimates that the acquisition will increase its projected 2016 diluted Funds from Operations by approximately $0.05 per share. Boston Properties anticipates the ability to increase the net operating income from the property through the lease-up of approximately 370,000 square feet of currently vacant space, as well as the roll-up of in-place, below-market rental rates to market rental rates as leases expire. Boston Properties believes that current market rental rates are approximately $10 per square foot greater than the weighted-average rental rate on in-place leases.

"We are very pleased to be entering the Los Angeles market through our acquisition of Colorado Center," commented Owen D. Thomas, CEO of Boston Properties. "Colorado Center is a proven and premier office campus, which provides us the opportunity to use our real estate skills to enhance and lease the property and realize the substantial upside potential we see imbedded in the asset. We will also be acquiring critical mass and an excellent platform for Boston Properties to enter and grow in one of the strongest office markets in the United States. We are also delighted to broaden our productive and long-term relationship with TIAA, a leading investor in commercial real estate."

The closing of the acquisition is subject to customary conditions and termination rights for transactions of this type and is expected to occur in July 2016. The Company has posted a $25 million deposit. There can be no assurance that the closing will occur on the terms currently contemplated or at all.

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, four 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 uncertainties of investing in new markets, the Company's 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 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, 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, including its guidance for the second quarter and full fiscal year 2016, whether as a result of new information, future events or otherwise.*

Source: Boston Properties, Inc.

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