



Boston Properties and Canada Pension Plan Investment Board Complete the Acquisition of Santa Monica Business Park in Santa Monica, California

July 23, 2018

BOSTON & TORONTO--(BUSINESS WIRE)--Jul. 23, 2018-- [Boston Properties, Inc.](#) (NYSE: BXP), one of the largest public owners and developers of office buildings in the United States, and [Canada Pension Plan Investment Board](#) (CPPIB) announced today that they have formed a joint venture and completed the acquisition of Santa Monica Business Park in the Ocean Park neighborhood of Santa Monica, California for a purchase price of approximately US\$627.5 million, including US\$11.5 million of seller funded leasing costs after the effective date of the purchase and sale agreement.

Santa Monica Business Park is a 47-acre office park consisting of 21 buildings totaling approximately 1.2 million net rentable square feet. Approximately 70% of the rentable square footage is subject to a ground lease with 80 years remaining, including renewal periods. The ground lease provides the joint venture with the right to purchase the land underlying the properties in 2028 with subsequent purchase rights every 15 years. The property is 94% leased.

"We are excited to expand our presence in the Los Angeles region with the acquisition of Santa Monica Business Park," commented Owen D. Thomas, CEO of Boston Properties. "The Santa Monica market has demonstrated strong growth in demand and rental rates from a variety of world class tenants and industries. With the acquisitions of Santa Monica Business Park and Colorado Center in 2016, Boston Properties along with its joint venture partners now owns 2.3 million square feet and controls 24% of the Santa Monica Class A office market, creating a strong platform for us to continue to grow in the West LA markets. We are also very pleased and honored to commence a relationship with Canada Pension Plan Investment Board, a leading global investor in commercial real estate."

As part of the joint venture, CPPIB will invest US\$147.4 million for a 45% ownership in the Business Park. Boston Properties will provide customary operating, property management and leasing services to, and will invest US\$180.1 million in the joint venture. In addition, the acquisition was completed with US\$300.0 million of financing. The mortgage financing bears interest at a variable rate equal to LIBOR plus 1.28% per annum and matures on July 19, 2025. At closing, the borrower under the loan entered into interest rate swap contracts with an aggregate notional amount of \$300.0 million through April 1, 2025, resulting in an effective fixed rate of 4.063% per annum through the expiration of the interest rate swap contracts.

"We are very pleased to establish a partnership with Boston Properties to acquire Santa Monica Business Park. The investment provides us with immediate scale in the West LA office market with a top tier owner and operator, and we look forward to growing our relationship in the future," said Hilary Spann, Managing Director, Head of Americas, Real Estate Investments, CPPIB. "Santa Monica consistently sees strong demand, driven by technology and media firms in the area, and the supply constraints make this asset attractive for CPPIB to hold long term."

About Boston Properties

Boston Properties is a fully integrated real estate company, organized as a real estate investment trust, that develops, redevelops, acquires, manages, operates and owns a diverse portfolio of primarily Class A office buildings totaling 50.3 million square feet and consisting of 167 office properties (including nine properties under construction), six residential properties (including four properties under construction), five retail properties and one hotel. The Company is one of the largest owners and developers of Class A office properties in the United States, concentrated in five markets - Boston, Los Angeles, New York, San Francisco and Washington, DC.

For more information about Boston Properties, please visit the Company's web site at www.bostonproperties.com.

About Canada Pension Plan Investment Board

Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of 20 million contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, São Paulo and Sydney, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2018, the CPP Fund totalled C\$356.1 billion. For more information about CPPIB, please visit www.cppib.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

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