# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
## Washington, D.C. 20549

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended September 30, 2021**
**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 1-13087 (Boston Properties, Inc.)**
**Commission File Number: 0-50209 (Boston Properties Limited Partnership)**

# BOSTON PROPERTIES, INC.
# BOSTON PROPERTIES LIMITED PARTNERSHIP

**(Exact name of Registrants as specified in its charter)**

| | | |
|---|---|---|
| **Boston Properties, Inc.** | **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **04-2473675**<br>(I.R.S. Employer Identification Number) |
| **Boston Properties Limited Partnership** | **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **04-3372948**<br>(I.R.S. Employer Identification Number) |

**Prudential Center, 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103**
**(Address of principal executive offices) (Zip Code)**

**(617) 236-3300**
**(Registrants' telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Registrant | Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|---|
| Boston Properties, Inc. | Common Stock, par value $0.01 per share | BXP | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Boston Properties, Inc.: Yes x No ☐ Boston Properties Limited Partnership: Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Boston Properties, Inc.: Yes x No ☐ Boston Properties Limited Partnership: Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Boston Properties, Inc.:
Large accelerated filer x Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

Boston Properties Limited Partnership:
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer x Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Boston Properties, Inc. ☐ Boston Properties Limited Partnership ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Boston Properties, Inc.: Yes ☐ No x Boston Properties Limited Partnership: Yes ☐ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| | | |
|---|---|---|
| **Boston Properties, Inc.**<br>**(Registrant)** | **Common Stock, par value $0.01 per share**<br>**(Class)** | **156,206,944**<br>**(Outstanding on November 2, 2021)** |

## EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the period ended September 30, 2021 of Boston Properties, Inc. and Boston Properties Limited Partnership. Unless stated otherwise or the context otherwise requires, references to “BXP” mean Boston Properties, Inc., a Delaware corporation and real estate investment trust (“REIT”), and references to “BPLP” and the “Operating Partnership” mean Boston Properties Limited Partnership, a Delaware limited partnership. BPLP is the entity through which BXP conducts substantially all of its business and owns, either directly or through subsidiaries, substantially all of its assets. BXP is the sole general partner and also a limited partner of BPLP. As the sole general partner of BPLP, BXP has exclusive control of BPLP’s day-to-day management. Therefore, unless stated otherwise or the context requires, references to the “Company,” “we,” “us” and “our” mean collectively BXP, BPLP and those entities/subsidiaries consolidated by BXP.

As of September 30, 2021, BXP owned an approximate 89.9% ownership interest in BPLP. The remaining approximate 10.1% interest was owned by limited partners. The other limited partners of BPLP are (1) persons who contributed their direct or indirect interests in properties to BPLP in exchange for common units or preferred units of limited partnership interest in BPLP and/or (2) recipients of long-term incentive plan units of BPLP pursuant to BXP’s Stock Option and Incentive Plans. Under the limited partnership agreement of BPLP, unitholders may present their common units of BPLP for redemption at any time (subject to restrictions agreed upon at the time of issuance of the units that may restrict such right for a period of time, generally one year from issuance). Upon presentation of a common unit for redemption, BPLP must redeem the unit for cash equal to the then value of a share of BXP’s common stock. In lieu of a cash redemption by BPLP, however, BXP may elect to acquire any common units so tendered by issuing shares of BXP common stock in exchange for the common units. If BXP so elects, its common stock will be exchanged for common units on a one-for-one basis. This one-for-one exchange ratio is subject to specified adjustments to prevent dilution. BXP generally expects that it will elect to issue its common stock in connection with each such presentation for redemption rather than having BPLP pay cash. With each such exchange or redemption, BXP’s percentage ownership in BPLP will increase. In addition, whenever BXP issues shares of its common stock other than to acquire common units of BPLP, BXP must contribute any net proceeds it receives to BPLP and BPLP must issue to BXP an equivalent number of common units of BPLP. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

The Company believes that combining the Quarterly Reports on Form 10-Q of BXP and BPLP into this single report:

- enhances investors’ understanding of BXP and BPLP by enabling them to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more concise and readable presentation because a substantial portion of the disclosure applies to both BXP and BPLP; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

The Company believes it is important to understand the few differences between BXP and BPLP in the context of how BXP and BPLP operate as a consolidated company. The financial results of BPLP are consolidated into the financial statements of BXP. BXP does not have any other significant assets, liabilities or operations, other than its investment in BPLP, nor does it have employees of its own. BPLP, not BXP, generally executes all significant business relationships other than transactions involving the securities of BXP. BPLP holds substantially all of the assets of BXP, including ownership interests in joint ventures. BPLP conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity offerings by BXP, which are contributed to the capital of BPLP in exchange for common or preferred units of partnership in BPLP, as applicable, BPLP generates all remaining capital required by the Company’s business. These sources include working capital, net cash provided by operating activities, borrowings under its credit facilities, the issuance of secured and unsecured debt and equity securities and proceeds received from the disposition of certain properties and interests in joint ventures.

Equity, partners’ capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of BXP and BPLP. The limited partners of BPLP are accounted for as partners’ capital in BPLP’s financial statements and as noncontrolling interests in BXP’s financial statements. The noncontrolling interests in BPLP’s financial statements include the interests of unaffiliated partners in various consolidated partnerships. The noncontrolling interests in BXP’s financial statements include the same noncontrolling interests in

BPLP and limited partners of BPLP. The differences between shareholders' equity and partners' capital result from differences in the equity issued at BXP and BPLP levels.

In addition, the consolidated financial statements of BXP and BPLP differ in total real estate assets resulting from previously applied acquisition accounting by BXP for the issuance of common stock in connection with non-sponsor redemptions of common units of BPLP. This accounting resulted in a step-up of the real estate assets of BXP at the time of such redemptions. This resulted in a difference between the net real estate of BXP as compared to BPLP of approximately $264.7 million, or 1.5% at September 30, 2021, and a corresponding difference in depreciation expense, impairment losses and gains on sales of real estate upon the sale of certain properties having an allocation of the real estate step-up. The acquisition accounting was nullified on a prospective basis beginning in 2009 as a result of the Company's adoption of a new accounting standard requiring any future redemptions to be accounted for solely as an equity transaction.

To help investors better understand the key differences between BXP and BPLP, certain information for BXP and BPLP in this report has been separated, as set forth below:

- Item 1. Financial Statements (unaudited), which includes the following specific disclosures for BXP and BPLP:
    - Note 3. Real Estate;
    - Note 11. Stockholders' Equity / Partners' Capital;
    - Note 12. Segment Information; and
    - Note 13. Earnings Per Share / Common Unit
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable; and
- Item 2. Liquidity and Capital Resources includes separate reconciliations of amounts to each entity's financial statements, where applicable.

This report also includes separate Part I - Item 4. Controls and Procedures and Part II - Item 2. Unregistered Sales of Equity Securities and Use of Proceeds sections for each of BXP and BPLP, as well as separate Exhibits 31 and 32 certifications for each of BXP and BPLP.

**BOSTON PROPERTIES, INC. AND BOSTON PROPERTIES LIMITED PARTNERSHIP**
**FORM 10-Q**
**for the quarter ended September 30, 2021**
**TABLE OF CONTENTS**

## PART I. FINANCIAL INFORMATION

**ITEM 1—Financial Statements.**

### BOSTON PROPERTIES, INC.
### CONSOLIDATED BALANCE SHEETS
### (unaudited and in thousands, except for share and par value amounts)

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| Real estate, at cost (amounts related to variable interest entities (“VIEs”) of $6,688,647 and $6,592,019 at September 30, 2021 and December 31, 2020, respectively) | $ 23,711,400 | $ 22,969,110 |
| Right of use assets - finance leases (amounts related to VIEs of $21,000 and $21,000 at September 30, 2021 and December 31, 2020, respectively) | 237,845 | 237,393 |
| Right of use assets - operating leases | 170,085 | 146,406 |
| Less: accumulated depreciation (amounts related to VIEs of $(1,266,516) and $(1,158,548) at September 30, 2021 and December 31, 2020, respectively) | (5,850,397) | (5,534,102) |
| Total real estate | 18,268,933 | 17,818,807 |
| Cash and cash equivalents (amounts related to VIEs of $288,186 and $340,642 at September 30, 2021 and December 31, 2020, respectively) | 1,002,728 | 1,668,742 |
| Cash held in escrows | 79,193 | 50,587 |
| Investments in securities | 41,517 | 39,457 |
| Tenant and other receivables, net (amounts related to VIEs of $8,598 and $10,911 at September 30, 2021 and December 31, 2020, respectively) | 61,269 | 77,411 |
| Related party note receivable, net | 78,144 | 77,552 |
| Notes receivable, net | 19,297 | 18,729 |
| Accrued rental income, net (amounts related to VIEs of $352,291 and $336,594 at September 30, 2021 and December 31, 2020, respectively) | 1,203,840 | 1,122,502 |
| Deferred charges, net (amounts related to VIEs of $174,172 and $183,306 at September 30, 2021 and December 31, 2020, respectively) | 622,807 | 640,085 |
| Prepaid expenses and other assets (amounts related to VIEs of $42,051 and $13,137 at September 30, 2021 and December 31, 2020, respectively) | 97,560 | 33,840 |
| Investments in unconsolidated joint ventures | 1,373,522 | 1,310,478 |
| Total assets | $ 22,848,810 | $ 22,858,190 |
| **LIABILITIES AND EQUITY** | | |
| Liabilities: | | |
| Mortgage notes payable, net (amounts related to VIEs of $2,898,699 and $2,907,590 at September 30, 2021 and December 31, 2020, respectively) | $ 2,898,699 | $ 2,909,081 |
| Unsecured senior notes, net | 10,479,651 | 9,639,287 |
| Unsecured line of credit | — | — |
| Unsecured term loan, net | — | 499,390 |
| Lease liabilities - finance leases (amounts related to VIEs of $20,420 and $20,306 at September 30, 2021 and December 31, 2020, respectively) | 243,562 | 236,492 |
| Lease liabilities - operating leases | 204,137 | 201,713 |
| Accounts payable and accrued expenses (amounts related to VIEs of $36,967 and $23,128 at September 30, 2021 and December 31, 2020, respectively) | 331,687 | 336,264 |
| Dividends and distributions payable | 169,739 | 171,082 |
| Accrued interest payable | 87,408 | 106,288 |
| Other liabilities (amounts related to VIEs of $124,615 and $158,805 at September 30, 2021 and December 31, 2020, respectively) | 370,403 | 412,084 |
| Total liabilities | 14,785,286 | 14,511,681 |
| Commitments and contingencies (See Note 9) | | |
| Redeemable deferred stock units— 80,989 and 72,966 units outstanding at redemption value at September 30, 2021 and December 31, 2020, respectively | 8,775 | 6,897 |

**BOSTON PROPERTIES, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(unaudited and in thousands, except for share and par value amounts)**

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Equity: | | |
| Stockholders’ equity attributable to Boston Properties, Inc.: | | |
| Excess stock, $0.01 par value, 150,000,000 shares authorized, none issued or outstanding | — | — |
| Preferred stock, $0.01 par value, 50,000,000 shares authorized; | | |
| 5.25% Series B cumulative redeemable preferred stock, $0.01 par value, liquidation preference $2,500 per share, 92,000 shares authorized, 80,000 shares issued and outstanding at December 31, 2020 | — | 200,000 |
| Common stock, $0.01 par value, 250,000,000 shares authorized, 156,285,391 and 155,797,725 issued and 156,206,491 and 155,718,825 outstanding at September 30, 2021 and December 31, 2020, respectively | 1,562 | 1,557 |
| Additional paid-in capital | 6,415,802 | 6,356,791 |
| Dividends in excess of earnings | (657,021) | (509,653) |
| Treasury common stock at cost, 78,900 shares at September 30, 2021 and December 31, 2020 | (2,722) | (2,722) |
| Accumulated other comprehensive loss | (40,803) | (49,890) |
| Total stockholders’ equity attributable to Boston Properties, Inc. | 5,716,818 | 5,996,083 |
| Noncontrolling interests: | | |
| Common units of Boston Properties Limited Partnership | 609,830 | 616,596 |
| Property partnerships | 1,728,101 | 1,726,933 |
| Total equity | 8,054,749 | 8,339,612 |
| Total liabilities and equity | $ 22,848,810 | $ 22,858,190 |

The accompanying notes are an integral part of these consolidated financial statements.

# BOSTON PROPERTIES, INC.
## CONSOLIDATED STATEMENTS OF OPERATIONS
### (unaudited and in thousands, except for per share amounts)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | |
| Lease | $ 692,260 | $ 666,674 | $ 2,062,102 | $ 2,006,904 |
| Parking and other | 23,507 | 16,327 | 58,727 | 54,777 |
| Hotel | 5,189 | 90 | 7,382 | 7,014 |
| Development and management services | 6,094 | 7,281 | 20,181 | 23,285 |
| Direct reimbursements of payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| Total revenue | 730,056 | 693,268 | 2,157,558 | 2,100,597 |
| Expenses | | | | |
| Operating | | | | |
| Rental | 258,281 | 258,261 | 764,373 | 761,014 |
| Hotel | 3,946 | 3,164 | 7,993 | 11,958 |
| General and administrative | 34,560 | 27,862 | 117,924 | 102,059 |
| Payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| Transaction costs | 1,888 | 307 | 2,970 | 1,254 |
| Depreciation and amortization | 179,412 | 166,456 | 539,815 | 515,738 |
| Total expenses | 481,093 | 458,946 | 1,442,241 | 1,400,640 |
| Other income (expense) | | | | |
| Loss from unconsolidated joint ventures | (5,597) | (6,873) | (1,745) | (5,410) |
| Gains (losses) on sales of real estate | 348 | (209) | 8,104 | 613,723 |
| Interest and other income (loss) | 1,520 | (45) | 4,140 | 4,277 |
| Gains (losses) from investments in securities | (190) | 1,858 | 3,744 | 965 |
| Losses from early extinguishment of debt | — | — | (898) | — |
| Interest expense | (105,794) | (110,993) | (320,015) | (319,726) |
| Net income | 139,250 | 118,060 | 408,647 | 993,786 |
| Net income attributable to noncontrolling interests | | | | |
| Noncontrolling interests in property partnerships | (18,971) | (15,561) | (52,602) | (34,280) |
| Noncontrolling interest—common units of the Operating Partnership | (11,982) | (10,020) | (35,393) | (97,090) |
| Net income attributable to Boston Properties, Inc. | 108,297 | 92,479 | 320,652 | 862,416 |
| Preferred dividends | — | (2,625) | (2,560) | (7,875) |
| Preferred stock redemption charge | — | — | (6,412) | — |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 108,297 | $ 89,854 | $ 311,680 | $ 854,541 |
| Basic earnings per common share attributable to Boston Properties, Inc. common shareholders: | | | | |
| Net income | $ 0.69 | $ 0.58 | $ 2.00 | $ 5.49 |
| Weighted average number of common shares outstanding | 156,183 | 155,645 | 156,062 | 155,349 |
| Diluted earnings per common share attributable to Boston Properties, Inc. common shareholders: | | | | |
| Net income | $ 0.69 | $ 0.58 | $ 1.99 | $ 5.49 |
| Weighted average number of common and common equivalent shares outstanding | 156,598 | 155,670 | 156,394 | 155,447 |

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES, INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(unaudited and in thousands)**

| | Three months ended September 30, 2021 | Three months ended September 30, 2020 | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|---|---|---|---|---|
| Net income | $ 139,250 | $ 118,060 | $ 408,647 | $ 993,786 |
| Other comprehensive income (loss): | | | | |
| Effective portion of interest rate contracts | 1,088 | 1,027 | 5,482 | (9,352) |
| Amortization of interest rate contracts (1) | 1,676 | 1,677 | 5,028 | 5,020 |
| Other comprehensive income (loss) | 2,764 | 2,704 | 10,510 | (4,332) |
| Comprehensive income | 142,014 | 120,764 | 419,157 | 989,454 |
| Net income attributable to noncontrolling interests | (30,953) | (25,581) | (87,995) | (131,370) |
| Other comprehensive (income) loss attributable to noncontrolling interests | (401) | (405) | (1,423) | 45 |
| Comprehensive income attributable to Boston Properties, Inc. | $ 110,660 | $ 94,778 | $ 329,739 | $ 858,129 |

(1) Amounts reclassified from comprehensive income primarily to interest expense within Boston Properties, Inc.'s Consolidated Statements of Operations.

The accompanying notes are an integral part of these consolidated financial statements.

# BOSTON PROPERTIES, INC.
## CONSOLIDATED STATEMENTS OF EQUITY
### (unaudited and in thousands)

| | Common Stock | | Preferred Stock | Additional Paid-in Capital | Dividends in Excess of Earnings | Treasury Stock, at cost | Accumulated Other Comprehensive Loss | Noncontrolling Interests - Common Units | Noncontrolling Interests - Property Partnerships | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | | | | |
| Equity, June 30, 2021 | 156,136 | $ 1,561 | $ — | $ 6,405,916 | $ (612,247) | $ (2,722) | $ (43,166) | $ 615,308 | $ 1,725,343 | $ 8,089,993 |
| Redemption of operating partnership units to common stock | 50 | 1 | — | 1,747 | — | — | — | (1,748) | — | — |
| Allocated net income for the period | — | — | — | — | 108,308 | — | — | 11,971 | 18,971 | 139,250 |
| Dividends/distributions declared | — | — | — | — | (153,082) | — | — | (17,203) | — | (170,285) |
| Shares issued pursuant to stock purchase plan | 4 | — | — | 520 | — | — | — | — | — | 520 |
| Net activity from stock option and incentive plan | 16 | — | — | 1,185 | — | — | — | 7,679 | — | 8,864 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | 11,318 | 11,318 |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | (27,675) | (27,675) |
| Effective portion of interest rate contracts | — | — | — | — | — | — | 981 | 107 | — | 1,088 |
| Amortization of interest rate contracts | — | — | — | — | — | — | 1,382 | 150 | 144 | 1,676 |
| Reallocation of noncontrolling interest | — | — | — | 6,434 | — | — | — | (6,434) | — | — |
| Equity, September 30, 2021 | 156,206 | $ 1,562 | $ — | $ 6,415,802 | $ (657,021) | $ (2,722) | $ (40,803) | $ 609,830 | $ 1,728,101 | $ 8,054,749 |
| | | | | | | | | | | |
| Equity, June 30, 2020 | 155,622 | $ 1,556 | $ 200,000 | $ 6,340,665 | $ (302,511) | $ (2,722) | $ (54,921) | $ 640,491 | $ 1,724,588 | 8,547,146 |
| Redemption of operating partnership units to common stock | 9 | — | — | 338 | — | — | — | (338) | — | — |
| Allocated net income for the period | — | — | — | — | 92,934 | — | — | 9,565 | 15,561 | 118,060 |
| Dividends/distributions declared | — | — | — | — | (155,143) | — | — | (17,183) | — | (172,326) |
| Shares issued pursuant to stock purchase plan | 5 | — | — | 434 | — | — | — | — | — | 434 |
| Net activity from stock option and incentive plan | — | — | — | 1,390 | — | — | — | 7,249 | — | 8,639 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | 1,407 | 1,407 |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | (11,026) | (11,026) |
| Effective portion of interest rate contracts | — | — | — | — | — | — | 917 | 110 | — | 1,027 |
| Amortization of interest rate contracts | — | — | — | — | — | — | 1,382 | 151 | 144 | 1,677 |
| Reallocation of noncontrolling interest | — | — | — | 5,249 | — | — | — | (5,249) | — | — |
| Equity, September 30, 2020 | 155,636 | $ 1,556 | $ 200,000 | $ 6,348,076 | $ (364,720) | $ (2,722) | $ (52,622) | $ 634,796 | $ 1,730,674 | $ 8,495,038 |

**BOSTON PROPERTIES, INC.**
**CONSOLIDATED STATEMENTS OF EQUITY**
**(unaudited and in thousands)**

| | Common Stock | | Preferred Stock | Additional Paid-in Capital | Dividends in Excess of Earnings | Treasury Stock, at cost | Accumulated Other Comprehensive Loss | Noncontrolling Interests - Common Units | Noncontrolling Interests - Property Partnerships | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | | | | |
| Equity, December 31, 2020 | 155,719 | $ 1,557 | $ 200,000 | $ 6,356,791 | $ (509,653) | $ (2,722) | $ (49,890) | $ 616,596 | $ 1,726,933 | $ 8,339,612 |
| Redemption of operating partnership units to common stock | 227 | 2 | — | 8,031 | — | — | — | (8,033) | — | — |
| Allocated net income for the period | — | — | — | — | 320,652 | — | — | 35,393 | 52,602 | 408,647 |
| Dividends/distributions declared | — | — | — | — | (461,608) | — | — | (51,743) | — | (513,351) |
| Shares issued pursuant to stock purchase plan | 9 | — | — | 1,004 | — | — | — | — | — | 1,004 |
| Net activity from stock option and incentive plan | 251 | 3 | — | 20,893 | — | — | — | 39,332 | — | 60,228 |
| Preferred stock redemption | — | — | (200,000) | 6,377 | — | — | — | — | — | (193,623) |
| Preferred stock redemption charge | — | — | — | — | (6,412) | — | — | — | — | (6,412) |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | 13,738 | 13,738 |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | (65,604) | (65,604) |
| Effective portion of interest rate contracts | — | — | — | — | — | — | 4,943 | 539 | — | 5,482 |
| Amortization of interest rate contracts | — | — | — | — | — | — | 4,144 | 452 | 432 | 5,028 |
| Reallocation of noncontrolling interest | — | — | — | 22,706 | — | — | — | (22,706) | — | — |
| Equity, September 30, 2021 | 156,206 | $ 1,562 | $ — | $ 6,415,802 | $ (657,021) | $ (2,722) | $ (40,803) | $ 609,830 | $ 1,728,101 | $ 8,054,749 |
| | | | | | | | | | | |
| Equity, December 31, 2019 | 154,790 | $ 1,548 | $ 200,000 | $ 6,294,719 | $ (760,523) | $ (2,722) | $ (48,335) | $ 600,860 | $ 1,728,689 | $ 8,014,236 |
| Cumulative effect of a change in accounting principle | — | — | — | — | (1,505) | — | — | (174) | — | (1,679) |
| Redemption of operating partnership units to common stock | 774 | 8 | — | 26,674 | — | — | — | (26,682) | — | — |
| Allocated net income for the period | — | — | — | — | 862,416 | — | — | 97,090 | 34,280 | 993,786 |
| Dividends/distributions declared | — | — | — | — | (465,108) | — | — | (51,821) | — | (516,929) |
| Shares issued pursuant to stock purchase plan | 7 | — | — | 759 | — | — | — | — | — | 759 |
| Net activity from stock option and incentive plan | 65 | — | — | 9,646 | — | — | — | 32,278 | — | 41,924 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | 7,364 | 7,364 |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | — | — | — | (40,091) | (40,091) |
| Effective portion of interest rate contracts | — | — | — | — | — | — | (8,416) | (936) | — | (9,352) |
| Amortization of interest rate contracts | — | — | — | — | — | — | 4,129 | 459 | 432 | 5,020 |
| Reallocation of noncontrolling interest | — | — | — | 16,278 | — | — | — | (16,278) | — | — |
| Equity, September 30, 2020 | 155,636 | $ 1,556 | $ 200,000 | $ 6,348,076 | $ (364,720) | $ (2,722) | $ (52,622) | $ 634,796 | $ 1,730,674 | $ 8,495,038 |

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited and in thousands)**

| | Nine months ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| Cash flows from operating activities: | | |
| Net income | $ 408,647 | $ 993,786 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 539,815 | 515,738 |
| Amortization of right of use assets - operating leases | 3,208 | 1,667 |
| Non-cash compensation expense | 43,098 | 36,152 |
| Loss from unconsolidated joint ventures | 1,745 | 5,410 |
| Distributions of net cash flow from operations of unconsolidated joint ventures | 18,462 | 22,285 |
| Gains from investments in securities | (3,744) | (965) |
| Allowance for current expected credit losses | (758) | 1,997 |
| Non-cash portion of interest expense | 17,584 | 17,397 |
| Settlement of accreted debt discount on redemption of unsecured senior notes | (6,290) | — |
| Losses from early extinguishments of debt | 898 | — |
| Gains on sales of real estate | (8,104) | (613,723) |
| Change in assets and liabilities: | | |
| Tenant and other receivables, net | 13,738 | 18,543 |
| Notes receivable, net | (419) | (395) |
| Accrued rental income, net | (74,283) | (85,843) |
| Prepaid expenses and other assets | (61,019) | (60,365) |
| Lease liabilities - operating leases | (24,023) | 1,157 |
| Accounts payable and accrued expenses | 26,097 | 8,273 |
| Accrued interest payable | (18,237) | (1,202) |
| Other liabilities | (51,938) | (24,868) |
| Tenant leasing costs | (37,618) | (52,621) |
| Total adjustments | 378,212 | (211,363) |
| Net cash provided by operating activities | 786,859 | 782,423 |
| Cash flows from investing activities: | | |
| Acquisitions of real estate | (218,679) | (135,698) |
| Construction in progress | (381,104) | (358,824) |
| Building and other capital improvements | (103,840) | (116,894) |
| Tenant improvements | (218,878) | (172,401) |
| Proceeds from sales of real estate | — | 505,679 |
| Capital contributions to unconsolidated joint ventures | (95,462) | (158,374) |
| Capital distributions from unconsolidated joint ventures | 122 | 55,123 |
| Issuance of notes receivable, net | — | (9,800) |
| Proceeds from sale of investment in unconsolidated joint venture | 17,789 | — |
| Investments in securities, net | 1,684 | 2,778 |
| Net cash used in investing activities | (998,368) | (388,411) |
| Cash flows from financing activities: | | |
| Repayments of mortgage notes payable | (13,261) | (12,795) |
| Proceeds from unsecured senior notes | 1,695,996 | 1,248,125 |
| Redemption of unsecured senior notes | (843,710) | — |
| Borrowings on unsecured line of credit | 300,000 | 265,000 |
| Repayments of unsecured line of credit | (300,000) | (265,000) |

**BOSTON PROPERTIES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited and in thousands)**

| | Nine months ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| Repayment of unsecured term loan | (500,000) | — |
| Redemption of preferred stock | (200,000) | — |
| Payments on finance lease obligations | 1,250 | — |
| Deferred financing costs | (20,770) | (10,416) |
| Debt prepayment and extinguishment costs | (185) | — |
| Net proceeds from equity transactions | 20,028 | 3,276 |
| Dividends and distributions | (513,381) | (516,572) |
| Contributions from noncontrolling interests in property partnerships | 13,738 | 7,364 |
| Distributions to noncontrolling interests in property partnerships | (65,604) | (40,091) |
| Net cash provided by (used in) financing activities | (425,899) | 678,891 |
| Net increase (decrease) in cash and cash equivalents and cash held in escrows | (637,408) | 1,072,903 |
| Cash and cash equivalents and cash held in escrows, beginning of period | 1,719,329 | 691,886 |
| Cash and cash equivalents and cash held in escrows, end of period | $ 1,081,921 | $ 1,764,789 |
| | | |
| Reconciliation of cash and cash equivalents and cash held in escrows: | | |
| Cash and cash equivalents, beginning of period | $ 1,668,742 | $ 644,950 |
| Cash held in escrows, beginning of period | 50,587 | 46,936 |
| Cash and cash equivalents and cash held in escrows, beginning of period | $ 1,719,329 | $ 691,886 |
| | | |
| Cash and cash equivalents, end of period | $ 1,002,728 | $ 1,714,783 |
| Cash held in escrows, end of period | 79,193 | 50,006 |
| Cash and cash equivalents and cash held in escrows, end of period | $ 1,081,921 | $ 1,764,789 |
| | | |
| Supplemental disclosures: | | |
| Cash paid for interest | $ 358,015 | $ 335,591 |
| Interest capitalized | $ 36,632 | $ 41,329 |
| | | |
| Non-cash investing and financing activities: | | |
| Write-off of fully depreciated real estate | $ (159,108) | $ (73,584) |
| Change in real estate included in accounts payable and accrued expenses | $ (22,104) | $ (30,924) |
| Right-of-use assets obtained in exchange for lease liabilities | $ 26,887 | $ — |
| Accrued rental income, net deconsolidated | $ — | $ (4,558) |
| Tenant leasing costs, net deconsolidated | $ — | $ (3,462) |
| Building and other capital improvements, net deconsolidated | $ — | $ (111,889) |
| Tenant improvements, net deconsolidated | $ — | $ (12,331) |
| Investment in unconsolidated joint venture recorded upon deconsolidation | $ — | $ 347,898 |
| Dividends and distributions declared but not paid | $ 169,739 | $ 171,070 |
| Conversions of noncontrolling interests to stockholders' equity | $ 8,033 | $ 26,682 |
| Issuance of restricted securities to employees and non-employee directors | $ 44,257 | $ 43,244 |

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED BALANCE SHEETS**
**(unaudited and in thousands, except for unit amounts)**

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| Real estate, at cost (amounts related to variable interest entities (“VIEs”) of $6,688,647 and $6,592,019 at September 30, 2021 and December 31, 2020, respectively) | $ 23,335,905 | $ 22,592,301 |
| Right of use assets - finance leases (amounts related to VIEs of $21,000 and $21,000 at September 30, 2021 and December 31, 2020, respectively) | 237,845 | 237,393 |
| Right of use assets - operating leases | 170,085 | 146,406 |
| Less: accumulated depreciation (amounts related to VIEs of $(1,266,516) and $(1,158,548) at September 30, 2021 and December 31, 2020, respectively) | (5,739,625) | (5,428,576) |
| Total real estate | 18,004,210 | 17,547,524 |
| Cash and cash equivalents (amounts related to VIEs of $288,186 and $340,642 at September 30, 2021 and December 31, 2020, respectively) | 1,002,728 | 1,668,742 |
| Cash held in escrows | 79,193 | 50,587 |
| Investments in securities | 41,517 | 39,457 |
| Tenant and other receivables, net (amounts related to VIEs of $8,598 and $10,911 at September 30, 2021 and December 31, 2020, respectively) | 61,269 | 77,411 |
| Related party note receivable, net | 78,144 | 77,552 |
| Notes receivable, net | 19,297 | 18,729 |
| Accrued rental income, net (amounts related to VIEs of $352,291 and $336,594 at September 30, 2021 and December 31, 2020, respectively) | 1,203,840 | 1,122,502 |
| Deferred charges, net (amounts related to VIEs of $174,172 and $183,306 at September 30, 2021 and December 31, 2020, respectively) | 622,807 | 640,085 |
| Prepaid expenses and other assets (amounts related to VIEs of $42,051 and $13,137 at September 30, 2021 and December 31, 2020, respectively) | 97,560 | 33,840 |
| Investments in unconsolidated joint ventures | 1,373,522 | 1,310,478 |
| Total assets | $ 22,584,087 | $ 22,586,907 |
| **LIABILITIES AND CAPITAL** | | |
| Liabilities: | | |
| Mortgage notes payable, net (amounts related to VIEs of $2,898,699 and $2,907,590 at September 30, 2021 and December 31, 2020, respectively) | $ 2,898,699 | $ 2,909,081 |
| Unsecured senior notes, net | 10,479,651 | 9,639,287 |
| Unsecured line of credit | — | — |
| Unsecured term loan, net | — | 499,390 |
| Lease liabilities - finance leases (amounts related to VIEs of $20,420 and $20,306 at September 30, 2021 and December 31, 2020, respectively) | 243,562 | 236,492 |
| Lease liabilities - operating leases | 204,137 | 201,713 |
| Accounts payable and accrued expenses (amounts related to VIEs of $36,967 and $23,128 at September 30, 2021 and December 31, 2020, respectively) | 331,687 | 336,264 |
| Dividends and distributions payable | 169,739 | 171,082 |
| Accrued interest payable | 87,408 | 106,288 |
| Other liabilities (amounts related to VIEs of $124,615 and $158,805 at September 30, 2021 and December 31, 2020, respectively) | 370,403 | 412,084 |
| Total liabilities | 14,785,286 | 14,511,681 |
| Commitments and contingencies (See Note 9) | | |
| Redeemable deferred stock units— 80,989 and 72,966 units outstanding at redemption value at September 30, 2021 and December 31, 2020, respectively | 8,775 | 6,897 |

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED BALANCE SHEETS**
**(unaudited and in thousands, except for unit amounts)**

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Noncontrolling interests: | | |
| Redeemable partnership units— 15,989,304 and 16,037,121 common units and 1,487,492 and 1,336,115 long term incentive units outstanding at redemption value at September 30, 2021 and December 31, 2020, respectively | 1,893,611 | 1,643,024 |
| Capital: | | |
| 5.25% Series B cumulative redeemable preferred units, liquidation preference $2,500 per unit, 80,000 units issued and outstanding at December 31, 2020 | — | 193,623 |
| Boston Properties Limited Partnership partners' capital— 1,736,833 and 1,730,921 general partner units and 154,469,658 and 153,987,904 limited partner units outstanding at September 30, 2021 and December 31, 2020, respectively | 4,209,117 | 4,554,639 |
| Accumulated other comprehensive loss | (40,803) | (49,890) |
| Total partners' capital | 4,168,314 | 4,698,372 |
| Noncontrolling interests in property partnerships | 1,728,101 | 1,726,933 |
| Total capital | 5,896,415 | 6,425,305 |
| Total liabilities and capital | $ 22,584,087 | $ 22,586,907 |

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited and in thousands, except for per unit amounts)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | |
| Lease | $ 692,260 | $ 666,674 | $ 2,062,102 | $ 2,006,904 |
| Parking and other | 23,507 | 16,327 | 58,727 | 54,777 |
| Hotel | 5,189 | 90 | 7,382 | 7,014 |
| Development and management services | 6,094 | 7,281 | 20,181 | 23,285 |
| Direct reimbursements of payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| Total revenue | 730,056 | 693,268 | 2,157,558 | 2,100,597 |
| Expenses | | | | |
| Operating | | | | |
| Rental | 258,281 | 258,261 | 764,373 | 761,014 |
| Hotel | 3,946 | 3,164 | 7,993 | 11,958 |
| General and administrative | 34,560 | 27,862 | 117,924 | 102,059 |
| Payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| Transaction costs | 1,888 | 307 | 2,970 | 1,254 |
| Depreciation and amortization | 177,677 | 164,706 | 533,255 | 510,400 |
| Total expenses | 479,358 | 457,196 | 1,435,681 | 1,395,302 |
| Other income (expense) | | | | |
| Loss from unconsolidated joint ventures | (5,597) | (6,873) | (1,745) | (5,410) |
| Gains (losses) on sales of real estate | 348 | (209) | 8,104 | 626,686 |
| Interest and other income (loss) | 1,520 | (45) | 4,140 | 4,277 |
| Gains (losses) from investments in securities | (190) | 1,858 | 3,744 | 965 |
| Losses from early extinguishment of debt | — | — | (898) | — |
| Interest expense | (105,794) | (110,993) | (320,015) | (319,726) |
| Net income | 140,985 | 119,810 | 415,207 | 1,012,087 |
| Net income attributable to noncontrolling interests | | | | |
| Noncontrolling interests in property partnerships | (18,971) | (15,561) | (52,602) | (34,280) |
| Net income attributable to Boston Properties Limited Partnership | 122,014 | 104,249 | 362,605 | 977,807 |
| Preferred distributions | — | (2,625) | (2,560) | (7,875) |
| Preferred unit redemption charge | — | — | (6,412) | — |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 122,014 | $ 101,624 | $ 353,633 | $ 969,932 |
| Basic earnings per common unit attributable to Boston Properties Limited Partnership | | | | |
| Net income | $ 0.70 | $ 0.59 | $ 2.04 | $ 5.61 |
| Weighted average number of common units outstanding | 173,194 | 172,677 | 173,078 | 172,628 |
| Diluted earnings per common unit attributable to Boston Properties Limited Partnership | | | | |
| Net income | $ 0.70 | $ 0.59 | $ 2.04 | $ 5.61 |
| Weighted average number of common and common equivalent units outstanding | 173,609 | 172,702 | 173,410 | 172,726 |

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(unaudited and in thousands)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Net income | $ 140,985 | $ 119,810 | $ 415,207 | $ 1,012,087 |
| Other comprehensive income (loss): | | | | |
| Effective portion of interest rate contracts | 1,088 | 1,027 | 5,482 | (9,352) |
| Amortization of interest rate contracts (1) | 1,676 | 1,677 | 5,028 | 5,020 |
| Other comprehensive income (loss) | 2,764 | 2,704 | 10,510 | (4,332) |
| Comprehensive income | 143,749 | 122,514 | 425,717 | 1,007,755 |
| Comprehensive income attributable to noncontrolling interests | (19,115) | (15,705) | (53,034) | (34,712) |
| Comprehensive income attributable to Boston Properties Limited Partnership | $ 124,634 | $ 106,809 | $ 372,683 | $ 973,043 |

(1) Amounts reclassified from comprehensive income primarily to interest expense within Boston Properties Limited Partnership's Consolidated Statements of Operations.

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED STATEMENTS OF CAPITAL AND NONCONTROLLING INTERESTS**
**(unaudited and in thousands)**

| | Units | | Capital | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General Partner | Limited Partner | Partners' Capital (General and Limited Partners) | Preferred Units | Accumulated Other Comprehensive Loss | Noncontrolling Interests - Property Partnerships | Total Capital | Noncontrolling Interests - Redeemable Partnership Units |
| Equity, June 30, 2021 | 1,737 | 154,399 | $ 4,132,880 | $ — | $ (43,166) | $ 1,725,343 | $5,815,057 | $ 2,008,478 |
| Net activity from contributions and unearned compensation | — | 21 | 1,705 | — | — | — | 1,705 | 7,679 |
| Allocated net income for the period | — | — | 110,043 | — | — | 18,971 | 129,014 | 11,971 |
| Distributions | — | — | (153,082) | — | — | — | (153,082) | (17,203) |
| Conversion of redeemable partnership units | — | 50 | 1,748 | — | — | — | 1,748 | (1,748) |
| Adjustment to reflect redeemable partnership units at redemption value | — | — | 115,823 | — | — | — | 115,823 | (115,823) |
| Effective portion of interest rate contracts | — | — | — | — | 981 | — | 981 | 107 |
| Amortization of interest rate contracts | — | — | — | — | 1,382 | 144 | 1,526 | 150 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | 11,318 | 11,318 | — |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | (27,675) | (27,675) | — |
| Equity, September 30, 2021 | 1,737 | 154,470 | $ 4,209,117 | $ — | $ (40,803) | $ 1,728,101 | $5,896,415 | $ 1,893,611 |
| | | | | | | | | |
| Equity, June 30, 2020 | 1,731 | 153,891 | $ 4,828,066 | $ 193,623 | $ (54,921) | $ 1,724,588 | $6,691,356 | $ 1,581,010 |
| Net activity from contributions and unearned compensation | — | 5 | 1,824 | — | — | — | 1,824 | 7,249 |
| Allocated net income (loss) for the period | — | — | 92,059 | 2,625 | — | 15,561 | 110,245 | 9,565 |
| Distributions | — | — | (152,518) | (2,625) | — | — | (155,143) | (17,183) |
| Conversion of redeemable partnership units | — | 9 | 338 | — | — | — | 338 | (338) |
| Adjustment to reflect redeemable partnership units at redemption value | — | — | 174,080 | — | — | — | 174,080 | (174,080) |
| Effective portion of interest rate contracts | — | — | — | — | 917 | — | 917 | 110 |
| Amortization of interest rate contracts | — | — | — | — | 1,382 | 144 | 1,526 | 151 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | 1,407 | 1,407 | — |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | (11,026) | (11,026) | — |
| Equity, September 30, 2020 | 1,731 | 153,905 | $ 4,943,849 | $ 193,623 | $ (52,622) | $ 1,730,674 | $6,815,524 | $ 1,406,484 |

# BOSTON PROPERTIES LIMITED PARTNERSHIP
## CONSOLIDATED STATEMENTS OF CAPITAL AND NONCONTROLLING INTERESTS
### (unaudited and in thousands)

| | Units | | Capital | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General Partner | Limited Partner | Partners' Capital (General and Limited Partners) | Preferred Units | Accumulated Other Comprehensive Loss | Noncontrolling Interests - Property Partnerships | Total Capital | Noncontrolling Interests - Redeemable Partnership Units |
| Equity, December 31, 2020 | 1,731 | 153,988 | $ 4,554,639 | $ 193,623 | $ (49,890) | $ 1,726,933 | $ 6,425,305 | $ 1,643,024 |
| Net activity from contributions and unearned compensation | 4 | 255 | 21,900 | — | — | — | 21,900 | 39,332 |
| Allocated net income for the period | — | — | 324,652 | 2,560 | — | 52,602 | 379,814 | 35,393 |
| Distributions | — | — | (459,048) | (2,560) | — | — | (461,608) | (51,743) |
| Preferred unit redemption | — | — | — | (193,623) | — | — | (193,623) | — |
| Preferred unit redemption charge | — | — | (6,412) | — | — | — | (6,412) | — |
| Conversion of redeemable partnership units | 2 | 227 | 8,033 | — | — | — | 8,033 | (8,033) |
| Adjustment to reflect redeemable partnership units at redemption value | — | — | (234,647) | — | — | — | (234,647) | 234,647 |
| Effective portion of interest rate contracts | — | — | — | — | 4,943 | — | 4,943 | 539 |
| Amortization of interest rate contracts | — | — | — | — | 4,144 | 432 | 4,576 | 452 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | 13,738 | 13,738 | — |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | (65,604) | (65,604) | — |
| Equity, September 30, 2021 | 1,737 | 154,470 | $ 4,209,117 | $ — | $ (40,803) | $ 1,728,101 | $ 5,896,415 | $ 1,893,611 |
| | | | | | | | | |
| Equity, December 31, 2019 | 1,727 | 153,063 | $ 3,380,175 | $ 193,623 | $ (48,335) | $ 1,728,689 | $ 5,254,152 | $ 2,468,753 |
| Cumulative effect of a change in accounting principle | — | — | (1,505) | — | — | — | (1,505) | (174) |
| Net activity from contributions and unearned compensation | 1 | 73 | 10,405 | — | — | — | 10,405 | 32,278 |
| Allocated net income for the period | — | — | 872,842 | 7,875 | — | 34,280 | 914,997 | 97,090 |
| Distributions | — | — | (457,233) | (7,875) | — | — | (465,108) | (51,821) |
| Conversion of redeemable partnership units | 3 | 769 | 26,682 | — | — | — | 26,682 | (26,682) |
| Adjustment to reflect redeemable partnership units at redemption value | — | — | 1,112,483 | — | — | — | 1,112,483 | (1,112,483) |
| Effective portion of interest rate contracts | — | — | — | — | (8,416) | — | (8,416) | (936) |
| Amortization of interest rate contracts | — | — | — | — | 4,129 | 432 | 4,561 | 459 |
| Contributions from noncontrolling interests in property partnerships | — | — | — | — | — | 7,364 | 7,364 | — |
| Distributions to noncontrolling interests in property partnerships | — | — | — | — | — | (40,091) | (40,091) | — |
| Equity, September 30, 2020 | 1,731 | 153,905 | $ 4,943,849 | $ 193,623 | $ (52,622) | $ 1,730,674 | $ 6,815,524 | $ 1,406,484 |

The accompanying notes are an integral part of these consolidated financial statements.

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited and in thousands)**

| | Nine months ended September 30, 2021 | Nine months ended September 30, 2020 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 415,207 | $ 1,012,087 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 533,255 | 510,400 |
| Amortization of right of use assets - operating leases | 3,208 | 1,667 |
| Non-cash compensation expense | 43,098 | 36,152 |
| Loss from unconsolidated joint ventures | 1,745 | 5,410 |
| Distributions of net cash flow from operations of unconsolidated joint ventures | 18,462 | 22,285 |
| Gains from investments in securities | (3,744) | (965) |
| Allowance for current expected credit losses | (758) | 1,997 |
| Non-cash portion of interest expense | 17,584 | 17,397 |
| Settlement of accreted debt discount on redemption of unsecured senior notes | (6,290) | — |
| Losses from early extinguishments of debt | 898 | — |
| Gains on sales of real estate | (8,104) | (626,686) |
| Change in assets and liabilities: | | |
| Tenant and other receivables, net | 13,738 | 18,543 |
| Notes receivable, net | (419) | (395) |
| Accrued rental income, net | (74,283) | (85,843) |
| Prepaid expenses and other assets | (61,019) | (60,365) |
| Lease liabilities - operating leases | (24,023) | 1,157 |
| Accounts payable and accrued expenses | 26,097 | 8,273 |
| Accrued interest payable | (18,237) | (1,202) |
| Other liabilities | (51,938) | (24,868) |
| Tenant leasing costs | (37,618) | (52,621) |
| Total adjustments | 371,652 | (229,664) |
| Net cash provided by operating activities | 786,859 | 782,423 |
| Cash flows from investing activities: | | |
| Acquisitions of real estate | (218,679) | (135,698) |
| Construction in progress | (381,104) | (358,824) |
| Building and other capital improvements | (103,840) | (116,894) |
| Tenant improvements | (218,878) | (172,401) |
| Proceeds from sales of real estate | — | 505,679 |
| Capital contributions to unconsolidated joint ventures | (95,462) | (158,374) |
| Capital distributions from unconsolidated joint ventures | 122 | 55,123 |
| Proceeds from sale of investment in unconsolidated joint venture | 17,789 | — |
| Issuance of notes receivable, net | — | (9,800) |
| Investments in securities, net | 1,684 | 2,778 |
| Net cash used in investing activities | (998,368) | (388,411) |
| Cash flows from financing activities: | | |
| Repayments of mortgage notes payable | (13,261) | (12,795) |
| Proceeds from unsecured senior notes | 1,695,996 | 1,248,125 |
| Redemption of unsecured senior notes | (843,710) | — |
| Borrowings on unsecured line of credit | 300,000 | 265,000 |
| Repayments of unsecured line of credit | (300,000) | (265,000) |

**BOSTON PROPERTIES LIMITED PARTNERSHIP**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited and in thousands)**

| | Nine months ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| Repayment of unsecured term loan | (500,000) | — |
| Redemption of preferred units | (200,000) | — |
| Payments on finance lease obligations | 1,250 | — |
| Deferred financing costs | (20,770) | (10,416) |
| Debt prepayment and extinguishment costs | (185) | — |
| Net proceeds from equity transactions | 20,028 | 3,276 |
| Distributions | (513,381) | (516,572) |
| Contributions from noncontrolling interests in property partnerships | 13,738 | 7,364 |
| Distributions to noncontrolling interests in property partnerships | (65,604) | (40,091) |
| Net cash provided by (used in) financing activities | (425,899) | 678,891 |
| Net increase (decrease) in cash and cash equivalents and cash held in escrows | (637,408) | 1,072,903 |
| Cash and cash equivalents and cash held in escrows, beginning of period | 1,719,329 | 691,886 |
| Cash and cash equivalents and cash held in escrows, end of period | $ 1,081,921 | $ 1,764,789 |
| | | |
| Reconciliation of cash and cash equivalents and cash held in escrows: | | |
| Cash and cash equivalents, beginning of period | $ 1,668,742 | $ 644,950 |
| Cash held in escrows, beginning of period | 50,587 | 46,936 |
| Cash and cash equivalents and cash held in escrows, beginning of period | $ 1,719,329 | $ 691,886 |
| | | |
| Cash and cash equivalents, end of period | $ 1,002,728 | $ 1,714,783 |
| Cash held in escrows, end of period | 79,193 | 50,006 |
| Cash and cash equivalents and cash held in escrows, end of period | $ 1,081,921 | $ 1,764,789 |
| | | |
| Supplemental disclosures: | | |
| Cash paid for interest | $ 358,015 | $ 335,591 |
| Interest capitalized | $ 36,632 | $ 41,329 |
| | | |
| Non-cash investing and financing activities: | | |
| Write-off of fully depreciated real estate | $ (157,794) | $ (73,584) |
| Change in real estate included in accounts payable and accrued expenses | $ (22,104) | $ (30,924) |
| Right-of-use assets obtained in exchange for lease liabilities | $ 26,887 | $ — |
| Accrued rental income, net deconsolidated | $ — | $ (4,558) |
| Tenant leasing costs, net deconsolidated | $ — | $ (3,462) |
| Building and other capital improvements, net deconsolidated | $ — | $ (111,889) |
| Tenant improvements, net deconsolidated | $ — | $ (12,331) |
| Investment in unconsolidated joint venture recorded upon deconsolidation | $ — | $ 347,898 |
| Distributions declared but not paid | $ 169,739 | $ 171,070 |
| Conversions of redeemable partnership units to partners’ capital | $ 8,033 | $ 26,682 |
| Issuance of restricted securities to employees and non-employee directors | $ 44,257 | $ 43,244 |

The accompanying notes are an integral part of these consolidated financial statements.

## BOSTON PROPERTIES, INC. AND BOSTON PROPERTIES LIMITED PARTNERSHIP
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Organization

Boston Properties, Inc., a Delaware corporation, is a fully integrated, self-administered and self-managed real estate investment trust ("REIT"). Boston Properties, Inc. is the sole general partner of Boston Properties Limited Partnership, its operating partnership, and at September 30, 2021 owned an approximate 89.9% (90.0% at December 31, 2020) general and limited partnership interest in Boston Properties Limited Partnership. Unless stated otherwise or the context requires, the "Company" refers to Boston Properties, Inc. and its subsidiaries, including Boston Properties Limited Partnership and its consolidated subsidiaries. Partnership interests in Boston Properties Limited Partnership include:

- common units of partnership interest (also referred to as "OP Units"),
- long term incentive units of partnership interest (also referred to as "LTIP Units"), and
- preferred units of partnership interest (also referred to as "Preferred Units").

Unless specifically noted otherwise, all references to OP Units exclude units held by Boston Properties, Inc. A holder of an OP Unit may present such OP Unit to Boston Properties Limited Partnership for redemption at any time (subject to restrictions agreed upon at the time of issuance of OP Units to particular holders that may restrict such redemption right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, Boston Properties Limited Partnership is obligated to redeem the OP Unit for cash equal to the value of a share of common stock of Boston Properties, Inc. ("Common Stock"). In lieu of a cash redemption, Boston Properties, Inc. may elect to acquire the OP Unit for one share of Common Stock. Because the number of shares of Common Stock outstanding at all times equals the number of OP Units that Boston Properties, Inc. owns, one share of Common Stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of Common Stock.

The Company uses LTIP Units as a form of time-based, restricted equity compensation and as a form of performance-based equity compensation for employees, and has previously granted LTIP Units in the form of (1) 2012 outperformance plan awards ("2012 OPP Units") and (2) 2013 - 2021 multi-year, long-term incentive program awards (also referred to as "MYLTIP Units"), each of which, upon the satisfaction of certain performance and vesting conditions, is convertible into one OP Unit. The three-year measurement periods for the 2012 OPP Units and the 2013 - 2018 MYLTIP Units have ended and Boston Properties, Inc.'s total stockholder return ("TSR") was sufficient for employees to earn and therefore become eligible to vest in a portion of the awards. Unless and until they are earned, the rights, preferences and privileges of the 2019 - 2021 MYLTIP Units differ from other LTIP Units granted to employees (including the 2012 OPP Units and the 2013 - 2018 MYLTIP Units, which have been earned). Therefore, unless specifically noted otherwise, all references to LTIP Units exclude the 2019 - 2021 MYLTIP Units. LTIP Units (including the earned 2012 OPP Units and the earned 2013 - 2018 MYLTIP Units), whether vested or not, will receive the same quarterly per unit distributions as OP Units, which equal per share dividends on Common Stock (See Notes 10 and 14).

At December 31, 2020, there was one series of Preferred Units outstanding (i.e., Series B Preferred Units). The Series B Preferred Units were issued to Boston Properties, Inc. on March 27, 2013 in connection with the issuance of 80,000 shares (8,000,000 depositary shares each representing 1/100th of a share) of 5.25% Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock"). Boston Properties, Inc. contributed the net proceeds from the offering to Boston Properties Limited Partnership in exchange for 80,000 Series B Preferred Units having terms and preferences generally mirroring those of the Series B Preferred Stock. On March 2, 2021, Boston Properties, Inc. issued a redemption notice for 80,000 shares of Series B Preferred Stock, which constituted all of the outstanding Series B Preferred Stock, and the corresponding depositary shares, each representing 1/100th of a share of Series B Preferred Stock (the "Depositary Shares"), and recorded it as a liability. On March 31, 2021, Boston Properties, Inc. transferred the full redemption price for all outstanding shares of Series B Preferred Stock of approximately $201.3 million, including approximately $1.3 million of accrued and unpaid dividends to, but not including, the redemption date, to the redemption agent. On April 1, 2021, Boston Properties, Inc. redeemed 80,000 shares of Series B Preferred Stock (including the corresponding 8,000,000 Depositary Shares), which represented all of the outstanding shares of Series B Preferred Stock and all of the outstanding Depositary Shares. In connection with the redemption of the Series B Preferred Stock, the Series B Preferred Units were also redeemed (See Note 11).

*Properties*

At September 30, 2021, the Company owned or had joint venture interests in a portfolio of 202 commercial real estate properties (the "Properties") aggregating approximately 52.5 million net rentable square feet of primarily Class A office properties, including nine properties under construction/redevelopment totaling approximately 4.3 million net rentable square feet. At September 30, 2021, the Properties consisted of:

- 183 office properties (including nine properties under construction/redevelopment);
- 12 retail properties;
- six residential properties; and
- one hotel.

The Company considers Class A office properties to be well-located buildings that are modern structures or have been modernized to compete with newer buildings and professionally managed and maintained. As such, these properties attract high-quality tenants and command upper-tier rental rates.

**2. Basis of Presentation and Summary of Significant Accounting Policies**

Boston Properties, Inc. does not have any other significant assets, liabilities or operations, other than its investment in Boston Properties Limited Partnership, nor does it have employees of its own. Boston Properties Limited Partnership, not Boston Properties, Inc., generally executes all significant business relationships other than transactions involving securities of Boston Properties, Inc. All majority-owned subsidiaries and joint ventures over which the Company has financial and operating control and variable interest entities ("VIEs") in which the Company has determined it is the primary beneficiary are included in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for all other unconsolidated joint ventures using the equity method of accounting. Accordingly, the Company's share of the earnings of these joint ventures and companies is included in consolidated net income.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair statement of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosure required by GAAP. These financial statements should be read in conjunction with the Company's financial statements and notes thereto contained in the Company's Annual Report in the Company's Form 10-K for its fiscal year ended December 31, 2020.

The Company bases its estimates on historical experience and on various other assumptions that it considers to be reasonable under the circumstances, including the impact of extraordinary events such as the coronavirus ("COVID-19") pandemic, the results of which form the basis for making significant judgments about the carrying values of assets and liabilities, assessments of future collectability, and other areas of the financial statements that are impacted by the use of estimates. Actual results may differ from these estimates under different assumptions or conditions.

***Variable Interest Entities (VIEs)***

Consolidated VIEs are those for which the Company is considered to be the primary beneficiary of a VIE. The primary beneficiary is the entity that has a controlling financial interest in the VIE, which is defined by the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the VIE's performance and (2) the obligation to absorb losses or the right to receive the returns from the VIE that could potentially be significant to the VIE. The Company has determined that it is the primary beneficiary for six of the seven entities that are VIEs.

Consolidated Variable Interest Entities

As of September 30, 2021, Boston Properties, Inc. has identified six consolidated VIEs, including Boston Properties Limited Partnership. Excluding Boston Properties Limited Partnership, the VIEs consisted of the following five in-service properties: 767 Fifth Avenue (the General Motors Building), Times Square Tower, 601 Lexington Avenue, Atlantic Wharf Office Building and 100 Federal Street.

The Company consolidates these VIEs because it is the primary beneficiary. The third parties' interests in these consolidated entities (excluding Boston Properties Limited Partnership's interest) are reflected as noncontrolling interests in property partnerships in the accompanying consolidated financial statements (See Note 10).

In addition, Boston Properties, Inc.'s only significant asset is its investment in Boston Properties Limited Partnership and, consequently, substantially all of Boston Properties, Inc.'s assets and liabilities are the assets and liabilities of Boston Properties Limited Partnership.

Variable Interest Entities Not Consolidated

The Company has determined that the Platform 16 Holdings LP joint venture is a VIE. The Company does not consolidate this entity as the Company does not have the power to direct the activities that, when taken together, most significantly impact the VIE's performance and, therefore, the Company is not considered to be the primary beneficiary.

***Fair Value of Financial Instruments***

The Company follows the authoritative guidance for fair value measurements when valuing its financial instruments for disclosure purposes. The table below presents the financial instruments that are being valued for disclosure purposes as well as the Level at which they are categorized (as defined in Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures" ("ASC 820")).

| Financial Instrument | Level |
|---|---|
| Unsecured senior notes (1) | Level 1 |
| Related party note receivable | Level 3 |
| Notes receivable | Level 3 |
| Mortgage notes payable | Level 3 |
| Unsecured line of credit (2) | Level 3 |

(1) If trading value for the period is low, the valuation could be categorized as Level 2.
(2) As of September 30, 2021, there were no amounts outstanding under the unsecured line of credit.

Because the Company's valuations of its financial instruments are based on the above Levels and involve the use of estimates, the actual fair values of its financial instruments may differ materially from those estimates.

The following table identifies the range and weighted average of significant unobservable inputs for the Company's Level 3 fair value measured instruments.

| Financial Instrument | Level | Range | Weighted Average |
|---|---|---|---|
| Related party note receivable | Level 3 | 3.58% | 3.58% |
| Notes receivable | Level 3 | 3.54% - 8.00% | 5.78% |
| Mortgage notes payable | Level 3 | 2.50% - 4.75% | 2.96% |

The Company's estimated fair values for these instruments as of the end of the applicable reporting period are not projections of, nor necessarily indicative of, estimated or actual fair values in future reporting periods.

The following table presents the aggregate carrying value of the Company's related party note receivable, net, notes receivable, net, mortgage notes payable, net, unsecured senior notes, net, unsecured line of credit and unsecured term loan, net and the Company's corresponding estimate of fair value as of September 30, 2021 and December 31, 2020 (in thousands):

| | September 30, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Related party note receivable, net | $ 78,144 | $ 83,354 | $ 77,552 | $ 84,579 |
| Notes receivable, net | 19,297 | 19,885 | 18,729 | 19,372 |
| Total | $ 97,441 | $ 103,239 | $ 96,281 | $ 103,951 |
| | | | | |
| Mortgage notes payable, net | $ 2,898,699 | $ 3,032,122 | $ 2,909,081 | $ 3,144,150 |
| Unsecured senior notes, net | 10,479,651 | 11,157,602 | 9,639,287 | 10,620,527 |
| Unsecured line of credit | — | — | — | — |
| Unsecured term loan, net | — | — | 499,390 | 500,326 |
| Total | $ 13,378,350 | $ 14,189,724 | $ 13,047,758 | $ 14,265,003 |

### 3. Real Estate

***Boston Properties, Inc.***

Real estate consisted of the following at September 30, 2021 and December 31, 2020 (in thousands):

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Land | $ 5,065,704 | $ 5,069,206 |
| Right of use assets - finance leases | 237,845 | 237,393 |
| Right of use assets - operating leases (1) | 170,085 | 146,406 |
| Land held for future development (2) | 568,034 | 450,954 |
| Buildings and improvements | 14,118,587 | 13,777,691 |
| Tenant improvements | 2,853,531 | 2,752,880 |
| Furniture, fixtures and equipment | 51,013 | 49,606 |
| Construction in progress | 1,054,531 | 868,773 |
| Total | 24,119,330 | 23,352,909 |
| Less: Accumulated depreciation | (5,850,397) | (5,534,102) |
| | $ 18,268,933 | $ 17,818,807 |

(1) See Note 4.
(2) Includes pre-development costs.

***Boston Properties Limited Partnership***

Real estate consisted of the following at September 30, 2021 and December 31, 2020 (in thousands):

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Land | $ 4,968,851 | $ 4,971,990 |
| Right of use assets - finance leases | 237,845 | 237,393 |
| Right of use assets - operating leases (1) | 170,085 | 146,406 |
| Land held for future development (2) | 568,034 | 450,954 |
| Buildings and improvements | 13,839,945 | 13,498,098 |
| Tenant improvements | 2,853,531 | 2,752,880 |
| Furniture, fixtures and equipment | 51,013 | 49,606 |
| Construction in progress | 1,054,531 | 868,773 |
| Total | 23,743,835 | 22,976,100 |
| Less: Accumulated depreciation | (5,739,625) | (5,428,576) |
| | $ 18,004,210 | $ 17,547,524 |

(1) See Note 4.
(2) Includes pre-development costs.

***Acquisitions***

On June 2, 2021, the Company acquired 153 & 211 Second Avenue located in Waltham, Massachusetts for an aggregate purchase price of approximately $100.2 million in cash. 153 & 211 Second Avenue consists of two life sciences lab buildings totaling approximately 137,000 net rentable square feet. The properties are 100% leased. The following table summarizes the allocation of the purchase price, including transaction costs, of 153 & 211 Second Avenue at the date of acquisition (in thousands):

| | | |
|---|---|---|
| Land | $ | 33,233 |
| Building and improvements | | 53,309 |
| Tenant improvements | | 2,631 |
| In-place lease intangibles | | 13,415 |
| Below-market lease intangibles | | (2,412) |
| Net assets acquired | $ | 100,176 |

The following table summarizes the estimated annual amortization of the acquired in-place lease intangibles and the acquired below-market lease intangibles for 153 & 211 Second Avenue for the remainder of 2021 through the last lease expiration (in thousands):

| | | Acquired In-Place Lease Intangibles | | Acquired Below-Market Lease Intangibles |
|---|---|---|---|---|
| Period from June 2, 2021 through December 31, 2021 | $ | 5,202 | $ | 935 |
| 2022 | | 8,213 | | 1,477 |

153 & 211 Second Avenue contributed approximately $3.1 million of revenue and approximately ($1.2) million of earnings to the Company for the period from June 2, 2021 through September 30, 2021.

On August 2, 2021, the Company acquired Shady Grove Bio+Tech Campus in Rockville, Maryland, for a purchase price, including transaction costs, of approximately $118.5 million in cash. Shady Grove Bio+Tech Campus is an approximately 435,000 net rentable square foot, seven-building office park situated on an approximately 31-acre site. The Company intends to reposition three of the buildings, which are currently vacant, to support lab or life sciences uses. As a result, the three vacant buildings are not part of the Company's in-service portfolio. The Company anticipates that it will redevelop or convert the remaining four buildings to lab or life sciences-related uses as each becomes vacant. The following table summarizes the allocation of the purchase price, including transaction costs, of Shady Grove Bio+Tech Campus at the date of acquisition (in thousands):

| | | |
|---|---|---|
| Land | $ | 52,030 |
| Building and improvements | | 63,060 |
| Tenant improvements | | 1,152 |
| In-place lease intangibles | | 2,523 |
| Above-market lease intangibles | | 142 |
| Below-market lease intangibles | | (403) |
| Net assets acquired | $ | 118,504 |

The following table summarizes the estimated annual amortization of the acquired in-place lease intangibles and the acquired above/below-market lease intangibles for Shady Grove Bio+Tech Campus from August 2, 2021 through the last lease expiration (in thousands):

| | Acquired In-Place Lease Intangibles | Acquired Above-Market Lease Intangibles | Acquired Below-Market Lease Intangibles |
|---|---|---|---|
| Period from August 2, 2021 through December 31, 2021 | $ 838 | $ 31 | $ 102 |
| 2022 | 1,478 | 74 | 236 |
| 2023 | 151 | 25 | 39 |
| 2024 | 56 | 12 | 26 |

Shady Grove Bio+Tech Campus contributed approximately $0.5 million of revenue and approximately $(0.6) million of earnings to the Company for the period from August 2, 2021 through September 30, 2021.

***Pending Acquisitions***

On April 19, 2021, the Company entered into an agreement to acquire 11251 Roger Bacon Drive, in Reston, Virginia, for an aggregate purchase price of approximately $5.6 million. The closing is scheduled to occur in the first quarter of 2022. 11251 Roger Bacon Drive is an approximately 65,000 square foot office building situated on approximately 2.6 acres. The property is 100% leased to a single tenant with a lease that expires concurrently with the planned closing. There can be no assurance that this transaction will be consummated on the terms currently contemplated or at all.

On June 25, 2021, the Company entered into an agreement to acquire 360 Park Avenue South in New York City, New York for an aggregate purchase price of approximately $300.0 million, including (1) the assumption of the mortgage loan collateralized by the property totaling approximately $202.0 million and (2) the issuance of approximately $98.0 million of OP Units, with a floor price of $111.00 per OP Unit. The closing is scheduled to occur in the fourth quarter of 2021. The Company’s deposit of $30.0 million is reflected as Cash Held in Escrows in the Company’s Consolidated Balance Sheets. 360 Park Avenue South is an approximately 450,000 square foot Class A office building. Upon acquisition, the building will be vacant and the Company intends to redevelop or reposition the building. There can be no assurance that the acquisition will be consummated on the terms currently contemplated or at all.

***Developments***

On February 1, 2021, the consolidated entity in which the Company has a 55% interest completed and fully placed in-service One Five Nine East 53rd Street, a Class A office and retail redevelopment of the low-rise portion of its 601 Lexington Avenue property with approximately 220,000 net rentable square feet located in New York City.

On February 25, 2021, the Company commenced the development of 180 CityPoint, located in Waltham, Massachusetts. When completed, the building will consist of approximately 329,000 net rentable square feet of laboratory space.

On February 25, 2021, the Company commenced the redevelopment of 880 Winter Street, located in Waltham, Massachusetts. When completed, the building will consist of approximately 224,000 net rentable square feet of laboratory space.

On February 25, 2021, the Company commenced the redevelopment of View Boston Observatory at The Prudential Center, a 59,000 net rentable square foot redevelopment of the top three floors of 800 Boylston Street - The Prudential Center, located in Boston, Massachusetts.

On April 16, 2021, the Company removed 3625-3635 Peterson Way from its in-service portfolio following the lease expiration of the last tenant on April 15, 2021. The Company is demolishing the building and may redevelop the site at a future date. 3625-3635 Peterson Way is an approximately 218,000 net rentable square foot Class A office building located in Santa Clara, California.

***Dispositions***

On December 13, 2018, the Company sold its 6595 Springfield Center Drive development project located in Springfield, Virginia. Concurrently with the sale, the Company agreed to act as development manager and guaranteed the completion of the project (See Note 9). The development project achieved final completion during the third quarter of 2021 and, upon completion of the project, the total cost of development was determined to be below the estimated total investment at the time of sale. As a result, the Company recognized a gain on sale of real estate of approximately $8.1 million during the nine months ended September 30, 2021.

On July 13, 2021, the Company entered into an agreement to sell its 181,191 and 201 Spring Street properties located in Lexington, Massachusetts for an aggregate gross sales price of $191.5 million. 181,191 and 201 Spring Street are three Class A office properties aggregating approximately 333,000 net rentable square feet and are 100% leased (See Note 15).

**4. Leases**

The Company must make estimates as to the collectability of its accrued rent and accounts receivable balances related to lease revenue. When evaluating the collectability of tenants' accrued rent and accounts receivable balances, management considers tenant creditworthiness, current economic trends, including the impact of COVID-19 on tenants' businesses, and changes in tenants' payment patterns, on a lease-by-lease basis. As a result, during the nine months ended September 30, 2021, the Company wrote off approximately $1.3 million related to accrued rent, net balances and accounts receivable, net balances. There were no write-offs related to accrued rent, net balances and accounts receivable, net balances for the three months ended September 30, 2021. During the three and nine months ended September 30, 2020, the Company wrote off approximately $7.5 million and $63.8 million, respectively, related to accrued rent, net balances and accounts receivable, net balances. The write-offs were for tenants, primarily in the retail sector, that either terminated their leases or for which the Company determined their accrued rent and/or accounts receivable balances were no longer probable of collection.

Lessee

On May 19, 2021, the Company amended its ground lease at Sumner Square in Washington, DC. The amendment extends the ground lease for an additional 15 years. Prior to the amendment, the ground lease was scheduled to expire on August 10, 2066. The ground lease will now expire on August 9, 2081. The lease requires the Company to pay $23.0 million in 2021 and requires the Company's remaining obligation of approximately $4.0 million be used to fund certain operation and maintenance costs incurred by the government with respect to the Sumner School for the next five years, with no payments thereafter. The Company's incremental borrowing rate is 3.95% per annum. The net present value of the total ground lease payments is approximately $26.7 million. The Company continues to classify this ground lease as an operating lease. As a result, the Company recorded a Right-of-Use Assets - Operating Leases and Lease Liabilities - Operating Leases of approximately $27.1 million and $26.7 million, respectively, on its Consolidated Balance Sheet. On July 1, 2021, the Company made the $23.0 million payment. The Sumner Square ground lease had operating lease costs of approximately $0.1 million and $0.3 million for the three months ended September 30, 2021 and 2020, respectively, and approximately $0.6 million and $1.0 million for the nine months ended September 30, 2021 and 2020, respectively. Sumner Square is an approximately 210,000 net rentable square foot Class A office building.

The following table provides a maturity analysis for the Company's lease liabilities related to its Sumner Square operating lease as of May 19, 2021 (in thousands):

| | Operating |
|---|---|
| Period from May 19, 2021 through December 31, 2021 | $ 23,599 |
| 2022 | 761 |
| 2023 | 784 |
| 2024 | 808 |
| 2025 | 832 |
| 2026 | 422 |
| Thereafter | — |
| Total lease payments | 27,206 |
| Less: Interest portion | (536) |
| Present value of lease payments | $ 26,670 |

Lessor

The following table summarizes the components of lease revenue recognized during the three and nine months ended September 30, 2021 and 2020 included within the Company's Consolidated Statements of Operations (in thousands):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| Lease Revenue | 2021 | 2020 | 2021 | 2020 |
| Fixed contractual payments | $ 581,393 | $ 557,384 | $ 1,732,930 | $ 1,673,855 |
| Variable lease payments | 110,867 | 109,290 | 329,172 | 333,049 |
| | $ 692,260 | $ 666,674 | $ 2,062,102 | $ 2,006,904 |

**5. Investments in Unconsolidated Joint Ventures**

The investments in unconsolidated joint ventures consist of the following at September 30, 2021 and December 31, 2020:

| Entity | Properties | Nominal % Ownership | | Carrying Value of Investment (1) September 30, 2021 | Carrying Value of Investment (1) December 31, 2020 |
|---|---|---|---|---|---|
| | | | | (in thousands) | |
| Square 407 Limited Partnership | Market Square North | 50.00 % | | $ (1,917) | $ (3,766) |
| BP/CRF Metropolitan Square LLC | Metropolitan Square | 20.00 % | | (14,568) | (13,584) |
| 901 New York, LLC | 901 New York Avenue | 25.00 % | (2) | (12,390) | (12,264) |
| WP Project Developer LLC | Wisconsin Place Land and Infrastructure | 33.33 % | (3) | 34,104 | 35,297 |
| Annapolis Junction NFM LLC | Annapolis Junction | 50.00 % | (4) | N/A | 13,463 |
| 540 Madison Venture LLC | 540 Madison Avenue | 60.00 % | (5) | — | 122 |
| 500 North Capitol Venture LLC | 500 North Capitol Street, NW | 30.00 % | | (7,700) | (6,945) |
| 501 K Street LLC | 1001 6th Street | 50.00 % | (6) | 42,669 | 42,499 |
| Podium Developer LLC | The Hub on Causeway - Podium | 50.00 % | | 48,970 | 48,818 |
| Residential Tower Developer LLC | Hub50House | 50.00 % | | 47,934 | 50,943 |
| Hotel Tower Developer LLC | The Hub on Causeway - Hotel Air Rights | 50.00 % | | 11,402 | 10,754 |
| Office Tower Developer LLC | 100 Causeway Street | 50.00 % | | 56,714 | 56,312 |
| 1265 Main Office JV LLC | 1265 Main Street | 50.00 % | | 3,855 | 3,787 |
| BNY Tower Holdings LLC | Dock 72 | 50.00 % | | 28,079 | 29,536 |
| BNYTA Amenity Operator LLC | Dock 72 | 50.00 % | | 1,151 | 1,846 |
| CA-Colorado Center Limited Partnership | Colorado Center | 50.00 % | | 230,535 | 227,671 |
| 7750 Wisconsin Avenue LLC | 7750 Wisconsin Avenue | 50.00 % | | 59,734 | 58,112 |
| BP-M 3HB Venture LLC | 3 Hudson Boulevard | 25.00 % | | 116,537 | 113,774 |
| SMBP Venture LP | Santa Monica Business Park | 55.00 % | | 155,679 | 145,761 |
| Platform 16 Holdings LP | Platform 16 | 55.00 % | (7) | 108,098 | 108,393 |
| Gateway Portfolio Holdings LLC | Gateway Commons | 50.00 % | (8) | 328,367 | 336,206 |
| Rosecrans-Sepulveda Partners 4, LLC | Beach Cities Media Campus | 50.00 % | | 27,124 | 27,184 |
| Safeco Plaza REIT LLC | Safeco Plaza | 33.67 % | (9) | 72,570 | N/A |
| | | | | $ 1,336,947 | $ 1,273,919 |

(1) Investments with deficit balances aggregating approximately $36.6 million at September 30, 2021 and December 31, 2020 are included within Other Liabilities in the Company's Consolidated Balance Sheets.
(2) The Company's economic ownership has increased based on the achievement of certain return thresholds. At September 30, 2021 and December 31, 2020, the Company's economic ownership was approximately 50%.
(3) The Company's wholly-owned subsidiary that owns Wisconsin Place Office also owns a 33.33% interest in the joint venture entity that owns the land, parking garage and infrastructure of the project.

(4) On March 30, 2021, the Company sold its interest in the joint venture to the partner. See below for additional details.
(5) The property was sold on June 27, 2019. As of December 31, 2020, the investment consisted of undistributed cash. All remaining cash has been distributed as of September 30, 2021.
(6) Under the joint venture agreement for this land parcel, the partner will be entitled to up to two additional payments from the venture based on increases in total entitled square footage of the project above 520,000 square feet and achieving certain project returns at stabilization.
(7) This entity is a VIE (See Note 2).
(8) As a result of the partner's deferred contribution, the Company owned an approximately 52% and 55% interest in the joint venture at September 30, 2021 and December 31, 2020, respectively.
(9) The Company's ownership includes (1) a 33.0% direct interest in the joint venture, and (2) an additional 1% interest in each of the two entities (each, a "Safeco Partner Entity") through which each partner owns its interest in the joint venture.

Certain of the Company's unconsolidated joint venture agreements include provisions whereby, at certain specified times, each partner has the right to initiate a purchase or sale of its interest in the joint ventures. Under certain of the Company's joint venture agreements, if certain return thresholds are achieved, the partners or the Company will be entitled to an additional promoted interest or payments.

The combined summarized balance sheets of the Company's unconsolidated joint ventures are as follows:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| | (in thousands) | |
| **ASSETS** | | |
| Real estate and development in process, net (1) | $ 5,244,585 | $ 4,708,571 |
| Other assets | 561,722 | 531,071 |
| Total assets | $ 5,806,307 | $ 5,239,642 |
| **LIABILITIES AND MEMBERS'/PARTNERS' EQUITY** | | |
| Mortgage and notes payable, net | $ 2,995,161 | $ 2,637,911 |
| Other liabilities (2) | 639,980 | 650,433 |
| Members'/Partners' equity | 2,171,166 | 1,951,298 |
| Total liabilities and members'/partners' equity | $ 5,806,307 | $ 5,239,642 |
| Company's share of equity | $ 995,995 | $ 936,087 |
| Basis differentials (3) | 340,952 | 337,832 |
| Carrying value of the Company's investments in unconsolidated joint ventures (4) | $ 1,336,947 | $ 1,273,919 |

(1) At September 30, 2021 and December 31, 2020, this amount included right of use assets - finance leases totaling approximately $248.9 million, and right of use assets - operating leases totaling approximately $22.6 million and $22.5 million, respectively.
(2) At September 30, 2021 and December 31, 2020, this amount included lease liabilities - finance leases totaling approximately $386.3 million and $388.7 million, respectively, and lease liabilities - operating leases totaling approximately $30.4 million and $29.0 million, respectively.
(3) This amount represents the aggregate difference between the Company's historical cost basis and the basis reflected at the joint venture level, which is typically amortized over the life of the related assets and liabilities. Basis differentials result from impairments of investments, acquisitions through joint ventures with no change in control and upon the transfer of assets that were previously owned by the Company into a joint venture. In addition, certain acquisition, transaction and other costs may not be reflected in the net assets at the joint venture level. The majority of the Company's basis differences are as follows:

| Property | September 30, 2021 | December 31, 2020 |
|---|---|---|
| | (in thousands) | |
| Colorado Center | $ 305,236 | $ 307,328 |
| Gateway Commons | 51,566 | 51,875 |
| Dock 72 | (50,599) | (52,243) |

These basis differentials (excluding land) will be amortized over the remaining lives of the related assets and liabilities.

(4) Investments with deficit balances aggregating approximately $36.6 million at September 30, 2021 and December 31, 2020 are reflected within Other Liabilities in the Company's Consolidated Balance Sheets.

The combined summarized statements of operations of the Company's unconsolidated joint ventures are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| Total revenue (1) | $ 90,009 | $ 87,724 | $ 268,501 | $ 270,490 |
| Expenses | | | | |
| Operating | 40,378 | 37,572 | 114,299 | 106,677 |
| Transaction costs | — | — | 7 | — |
| Depreciation and amortization | 36,036 | 35,810 | 103,766 | 105,235 |
| Total expenses | 76,414 | 73,382 | 218,072 | 211,912 |
| Other income (expense) | | | | |
| Interest expense | (27,519) | (25,481) | (78,711) | (71,370) |
| Gains on sales of real estate | — | — | — | 11,720 |
| Net loss | $ (13,924) | $ (11,139) | $ (28,282) | $ (1,072) |
| | | | | |
| Company's share of net income (loss) | $ (4,491) | $ (4,421) | $ (10,268) | $ 855 |
| Gain on sale of investment (2) | — | — | 10,257 | — |
| Basis differential (3) | (1,106) | (2,452) | (1,734) | (6,265) |
| Loss from unconsolidated joint ventures | $ (5,597) | $ (6,873) | $ (1,745) | $ (5,410) |

_______________

(1) Includes straight-line rent adjustments of approximately $5.5 million and $3.8 million for the three months ended September 30, 2021 and 2020, respectively, and approximately $11.6 million and $22.0 million for the nine months ended September 30, 2021 and 2020, respectively.
(2) During the nine months ended September 30, 2021, the Company completed the sale of its 50% ownership interest in Annapolis Junction NFM LLC. The Company recognized a gain on sale of investment of approximately $10.3 million.
(3) Includes straight-line rent adjustments of approximately $0.1 million and $0.4 million for the three months ended September 30, 2021 and 2020, respectively, and approximately $0.7 million and $1.3 million for the nine months ended September 30, 2021 and 2020, respectively. Also includes net above-/below-market rent adjustments of approximately $0.1 million and $0.2 million for the three months ended September 30, 2021 and 2020, respectively, and approximately $0.2 million and $0.7 million for the nine months ended September 30, 2021 and 2020, respectively.

On February 25, 2021, a joint venture in which the Company had a 54% interest, commenced the development of 751 Gateway, a speculative laboratory building located in South San Francisco, California, that is expected to be approximately 229,000 net rentable square feet upon completion. 751 Gateway is the first phase of a multi-phase development plan at Gateway Commons. Upon the formation of the joint venture in 2020, the Company had an approximately 55% ownership interest in the joint venture as a result of the partner's deferred contribution and the partner is obligated to fund all required capital until such time as the Company owns a 50% interest. On September 30, 2021, the Company had a 52% interest in the joint venture. The Company expects the 751 Gateway development project to be transferred to a separate joint venture with the same partner. The Company expects it will own a 49% interest in this new joint venture.

On March 30, 2021, the Company completed the sale of its 50% ownership interest in Annapolis Junction NFM LLC (the "Annapolis Junction Joint Venture") to the joint venture partner for a gross sales price of $65.9 million. Net cash proceeds to the Company totaled approximately $17.8 million after repayment of the Company's share of debt totaling approximately $15.1 million. The Company recognized a gain on sale of investment totaling approximately $10.3 million, which is included in Loss from Unconsolidated Joint Ventures in the accompanying Consolidated Statements of Operations. In addition to net cash proceeds from the sale, the Company received a distribution of approximately $5.8 million of available cash. Annapolis Junction Buildings Six and Seven are Class A office properties totaling approximately 247,000 net rentable square feet. With the sale of the Company's ownership interest in the Annapolis Junction Joint Venture, the Company no longer has any assets in Annapolis, Maryland.

On June 11, 2021, a joint venture in which the Company has a 50% interest partially placed in-service 100 Causeway Street, a Class A office project with approximately 632,000 net rentable square feet located in Boston, Massachusetts.

On August 31, 2021, a joint venture in which the Company has a 50% interest extended the construction loan collateralized by its The Hub on Causeway – Podium property. At the time of the extension, the outstanding balance of the loan totaled approximately $174.3 million, bore interest at a variable rate equal to LIBOR plus 2.25% per annum and was scheduled to mature on September 6, 2021, with two, one-year extension options, subject to certain conditions. The extended loan continues to bear interest at a variable rate equal to LIBOR plus 2.25% per annum and matures on September 6, 2023. The Hub on Causeway - Podium is a retail and office property with approximately 382,000 net rentable square feet located in Boston, Massachusetts.

On September 1, 2021, the Company entered into a joint venture to acquire Safeco Plaza, a Class A office property located in Seattle, Washington, for a gross purchase price of approximately $465.0 million. Safeco Plaza is a 50-story, approximately 765,000 net rentable square-foot, Class A office property. The acquisition was completed through a newly formed joint venture with two institutional partners. Each of the institutional partners invested approximately $71.9 million of cash for its 33.165% ownership interest in the joint venture. The Company invested approximately $72.6 million for its 33.67% interest in the joint venture and is providing customary operating, property management and leasing services to the joint venture. The Company’s ownership includes (1) a 33.0% direct interest in the joint venture, and (2) an additional 1% interest in each of the two Safeco Partner Entities through which each partner owns its interest in the joint venture. Subject to the occurrence of certain events and the joint venture achieving certain return thresholds, the Company is entitled to earn promote distributions. Some of the promote distributions may be payable in cash or, at the Company’s election, equity interest(s) in the Safeco Partner Entity(ies). The purchase price was funded with cash and proceeds from a new mortgage loan secured by the property. The mortgage loan has a principal amount of $250.0 million, bears interest at a variable rate equal to the greater of (x) 2.35% or (y) LIBOR plus 2.20% per annum and matures on September 1, 2026.

**6. Mortgage Notes Payable**

On March 26, 2021, the Company used available cash to repay the mortgage loan collateralized by its University Place property located in Cambridge, Massachusetts totaling approximately $0.9 million. The mortgage loan bore interest at a fixed rate of 6.94% per annum and was scheduled to mature on August 1, 2021. There was no prepayment penalty.

### 7. Unsecured Senior Notes

The following summarizes the unsecured senior notes outstanding as of September 30, 2021 (dollars in thousands):

| | Coupon/Stated Rate | Effective Rate(1) | Principal Amount | Maturity Date(2) | |
|---|---|---|---|---|---|
| 11 Year Unsecured Senior Notes | 3.850 % | 3.954 % | $ 1,000,000 | February 1, 2023 | (3) |
| 10.5 Year Unsecured Senior Notes | 3.125 % | 3.279 % | 500,000 | September 1, 2023 | |
| 10.5 Year Unsecured Senior Notes | 3.800 % | 3.916 % | 700,000 | February 1, 2024 | |
| 7 Year Unsecured Senior Notes | 3.200 % | 3.350 % | 850,000 | January 15, 2025 | |
| 10 Year Unsecured Senior Notes | 3.650 % | 3.766 % | 1,000,000 | February 1, 2026 | |
| 10 Year Unsecured Senior Notes | 2.750 % | 3.495 % | 1,000,000 | October 1, 2026 | |
| 10 Year Unsecured Senior Notes | 4.500 % | 4.628 % | 1,000,000 | December 1, 2028 | |
| 10 Year Unsecured Senior Notes | 3.400 % | 3.505 % | 850,000 | June 21, 2029 | |
| 10.5 Year Unsecured Senior Notes | 2.900 % | 2.984 % | 700,000 | March 15, 2030 | |
| 10.75 Year Unsecured Senior Notes | 3.250 % | 3.343 % | 1,250,000 | January 30, 2031 | |
| 11 Year Unsecured Senior Notes | 2.550 % | 2.671 % | 850,000 | April 1, 2032 | |
| 12 Year Unsecured Senior Notes | 2.450 % | 2.524 % | 850,000 | October 1, 2033 | |
| Total principal | | | 10,550,000 | | |
| Less: | | | | | |
| Net unamortized discount | | | 17,581 | | |
| Deferred financing costs, net | | | 52,768 | | |
| Total | | | $ 10,479,651 | | |

(1) Yield on issuance date including the effects of discounts on the notes, settlements of interest rate contracts and the amortization of financing costs.
(2) No principal amounts are due prior to maturity.
(3) See Note 15.

On February 14, 2021, Boston Properties Limited Partnership completed the redemption of $850.0 million in aggregate principal amount of its 4.125% senior notes due May 15, 2021. The redemption price was approximately $858.7 million, which was equal to the stated principal plus approximately $8.7 million of accrued and unpaid interest to, but not including, the redemption date. Excluding the accrued and unpaid interest, the redemption price was equal to the principal amount being redeemed. The Company recognized a loss from early extinguishment of debt totaling approximately $0.4 million related to unamortized origination costs.

On March 16, 2021, Boston Properties Limited Partnership completed a public offering of $850.0 million in aggregate principal amount of its 2.550% unsecured senior notes due 2032. The notes were priced at 99.570% of the principal amount to yield an effective rate (including financing fees) of approximately 2.671% per annum to maturity. The notes will mature on April 1, 2032, unless earlier redeemed. The aggregate net proceeds from the offering were approximately $839.2 million after deducting underwriting discounts and transaction expenses.

On September 29, 2021, Boston Properties Limited Partnership completed a public offering of $850.0 million in aggregate principal amount of its 2.450% unsecured senior notes due 2033. The notes were priced at 99.959% of the principal amount to yield an effective rate (including financing fees) of approximately 2.524% per annum to maturity. The notes will mature on October 1, 2033, unless earlier redeemed. The aggregate net proceeds from the offering were approximately $842.5 million after deducting underwriting discounts and transaction expenses.

The indenture relating to the unsecured senior notes contains certain financial restrictions and requirements, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of greater than 1.50, and (4) an unencumbered asset value of not less than 150% of unsecured debt. At September 30, 2021, Boston Properties Limited Partnership was in compliance with each of these financial restrictions and requirements.

**8. Unsecured Credit Facility**

On March 16, 2021, Boston Properties Limited Partnership repaid $500.0 million, representing all amounts outstanding on its delayed draw term loan facility under its unsecured revolving credit agreement (the “2017 Credit Facility”). The Company recognized a loss from early extinguishment of debt totaling approximately $0.5 million related to unamortized financing costs.

On June 15, 2021, Boston Properties Limited Partnership amended and restated the 2017 Credit Facility (as amended and restated, the “2021 Credit Facility”). The 2021 Credit Facility provides for borrowings of up to $1.5 billion (the “Revolving Facility”), subject to customary conditions. Among other things, the amendment and restatement (1) extended the maturity date to June 15, 2026, (2) eliminated the $500.0 million delayed draw term loan facility provided under the 2017 Credit Facility, (3) reduced the per annum variable interest rates on borrowings and (4) added a sustainability-linked pricing component. Under the 2021 Credit Facility, Boston Properties Limited Partnership may increase the total commitment by up to $500.0 million by increasing the amount of the Revolving Facility and/or by incurring one or more term loans, in each case, subject to syndication of the increase and other conditions.

The 2021 Credit Facility replaces the 2017 Credit Facility, which was scheduled to expire on April 24, 2022.

At Boston Properties Limited Partnership’s option, loans under the 2021 Credit Facility will bear interest at a rate per annum equal to (1) (a) in the case of loans denominated in Dollars, LIBOR, (b) in the case of loans denominated in Euro, EURIBOR, (c) in the case of loans denominated in Canadian Dollars, CDOR, and (d) in the case of loans denominated in Sterling, SONIA, in each case, plus a margin ranging from 70.0 to 140.0 basis points based on Boston Properties Limited Partnership’s credit rating or (2) an alternate base rate equal to the greatest of (a) the Federal Funds rate plus 0.5%, (b) the Administrative Agent’s prime rate, (c) LIBOR for a one-month period plus 1.00%, and (d) 1.00%, in each case, plus a margin ranging from 0 to 40 basis points based on Boston Properties Limited Partnership’s credit rating.

The 2021 Credit Facility also features a sustainability-linked pricing component such that if Boston Properties Limited Partnership meets certain sustainability performance targets, the applicable per annum interest rate will be reduced by one basis point. The LIBOR replacement provisions in the 2021 Credit Facility permit the use of rates based on the secured overnight financing rate administered by the Federal Reserve Bank of New York plus an applicable spread adjustment. In addition, the 2021 Credit Facility contains a competitive bid option for up to 65% of the Revolving Facility that allows banks that are part of the lender consortium to bid to make loan advances to Boston Properties Limited Partnership at a reduced interest rate.

Pursuant to the 2021 Credit Facility, Boston Properties Limited Partnership is obligated to pay (1) in quarterly installments a facility fee on the total commitment under the Revolving Facility at a rate per annum ranging from 0.10% to 0.30% based on Boston Properties Limited Partnership’s credit rating and (2) an annual fee on the undrawn amount of each letter of credit ranging from 0.70% to 1.40% based on Boston Properties Limited Partnership’s credit rating.

Based on Boston Properties Limited Partnership’s current credit rating, (1) the applicable Eurocurrency and LIBOR Daily Floating Rate margins are 0.775%, (2) the alternate base rate margin is 0 basis points and (3) the facility fee is 0.15% per annum.

The 2021 Credit Facility contains customary representations and warranties, affirmative and negative covenants, and events of default provisions, including the failure to pay indebtedness, breaches of covenants and bankruptcy and other insolvency events, which could result in the acceleration of the obligation to repay all outstanding amounts and the cancellation of all commitments outstanding under the 2021 Credit Facility. Among other covenants, the 2021 Credit Facility requires that Boston Properties Limited Partnership maintain on an ongoing basis: (1) a leverage ratio not to exceed 60%, however, the leverage ratio may increase to no greater than 65% provided that it is reduced back to 60% within one year, (2) a secured debt leverage ratio not to exceed 55%, (3) a fixed charge coverage ratio of at least 1.40, (4) an unsecured debt leverage ratio not to exceed 60%, however, the unsecured debt leverage ratio may increase to no greater than 65% provided that it is reduced to 60% within one year, (5) an unsecured debt interest coverage ratio of at least 1.75 and (6) limitations on permitted investments. At September 30, 2021, Boston Properties Limited Partnership was in compliance with each of these financial and other covenant requirements.

At September 30, 2021, Boston Properties Limited Partnership had no amounts outstanding under the 2021 Credit Facility.

**9. Commitments and Contingencies**

*General*

In the normal course of business, the Company guarantees its performance of services or indemnifies third parties against its negligence. In addition, in the normal course of business, the Company guarantees to certain tenants the obligations of its subsidiaries for the payment of tenant improvement allowances and brokerage commissions in connection with their leases and limited costs arising from delays in delivery of their premises.

The Company had letter of credit and performance obligations related to lender and development requirements that total approximately $25.8 million at September 30, 2021.

Certain of the Company’s joint venture agreements include provisions whereby, at certain specified times, each partner has the right to initiate a purchase or sale of its interest in the joint ventures. From time to time, under certain of the Company’s joint venture agreements, if certain return thresholds are achieved, either the Company or its partners may be entitled to an additional promoted interest or payments.

From time to time, the Company (or ventures in which the Company has an ownership interest) has agreed, and may in the future agree, to (1) guarantee portions of the principal, interest and other amounts in connection with their borrowings, (2) provide customary environmental indemnifications and nonrecourse carve-outs (e.g., guarantees against fraud, misrepresentation and bankruptcy) in connection with their borrowings and (3) provide guarantees to lenders, tenants and other third parties for the completion of development projects. The Company has agreements with its outside partners whereby the partners agree to reimburse the joint venture for their share of any payments made under the guarantee. In some cases, the Company earns a fee from the applicable joint venture for providing the guarantee.

In connection with the refinancing of 767 Fifth Avenue’s (the General Motors Building) secured loan by the Company’s consolidated joint venture entity, 767 Venture, LLC, the Company guaranteed the consolidated entity’s obligation to fund various reserves for tenant improvement costs and allowances, leasing commissions and free rent obligations in lieu of cash deposits. As of September 30, 2021, the maximum funding obligation under the guarantee was approximately $20.3 million. The Company earns a fee from the joint venture for providing the guarantee and has an agreement with the outside partners to reimburse the joint venture for their share of any payments made under the guarantee. As of September 30, 2021, no amounts related to the guarantee are recorded as liabilities in the Company’s consolidated financial statements.

Pursuant to the lease agreement with Marriott, the Company has guaranteed the completion of the office building and parking garage on behalf of its 7750 Wisconsin Avenue joint venture and has also provided a financing guaranty as required with respect to the third-party construction financing. The Company earns fees from the joint venture for providing the guarantees and any amounts the Company pays under the guarantee(s) will be deemed to be capital contributions by the Company to the joint venture. The Company has also agreed to fund construction costs through capital contributions to the joint venture in the event of insufficiency of third-party construction financing. In addition, the Company has guaranteed to Marriott, as hotel manager, the completion of a hotel being developed by an affiliate of The Bernstein Companies (the Company’s partner in the 7750 Wisconsin Avenue joint venture) adjacent to the office property, for which the Company earns a fee from the affiliate of The Bernstein Companies. In addition, the Company entered into agreements with affiliates of The Bernstein Companies whereby the Company could be required to act as a mezzanine and/or mortgage lender and finance the construction of the hotel property. An affiliate of The Bernstein Companies exercised its option to borrow $10.0 million from the Company under such agreements, which financing was provided by the Company on June 1, 2020. The financing bears interest at a fixed rate of 8.00% per annum, compounded monthly, and matures on the fifth anniversary of the date on which the base building of the affiliate of The Bernstein Companies’ hotel property is substantially completed. The financing is collateralized by a pledge of the partner’s equity interest in the joint venture that owns and is developing 7750 Wisconsin Avenue. To secure such financing arrangements, affiliates of The Bernstein Companies are required to provide certain security, which varies depending on the specific loan, by pledges of their equity interest in the office property, a fee mortgage on the hotel property, or both. As of September 30, 2021, no amounts related to the contingent aspect of any of the guarantees are recorded as liabilities in the Company’s consolidated financial statements.

In connection with the sale and development of the Company’s 6595 Springfield Center Drive development project, the Company has guaranteed the completion of the project and the payment of certain cost overruns in accordance with the development management agreement with the buyer. Although the project has been sold and the lease with the Federal Government tenant has been assigned to the buyer, pursuant to the terms of the Federal

Government lease, the Federal Government tenant was not obligated to release the prior owner/landlord from such landlord's obligations under the lease until completion of the construction. As a result, the entity which previously owned the land remains liable to the Federal Government tenant for the completion of the construction obligations under the lease. The buyer is obligated to fund the balance of the costs to meet such construction obligations, subject to the Company's obligation to fund cost overruns (if any), as noted above. An affiliate of the buyer has provided a guaranty of the obligations of the buyer to fund such construction costs and the buyer has agreed to use commercially reasonable efforts to require the construction lender to provide certain remedies to the Company in the event the buyer does not fund such construction obligations. Final completion of the project was achieved during the nine months ended September 30, 2021 and the Company has been released of its guarantee obligations (See Note 3).

In connection with the redevelopment of the Company's 325 Main Street property located in Cambridge, Massachusetts, the Company was required, pursuant to the local zoning ordinance and urban renewal plan, to commence construction of a residential building of at least 200,000 square feet with 25% of the project designated as income-restricted (with a minimum of 20% of the square footage devoted to home ownership units) prior to the occupancy of the 325 Main Street property, which is expected to occur during the third quarter of 2022. The zoning ordinance and urban renewal plan were each amended to decouple the residential requirement from the occupancy of the 325 Main Street property. The amendment to the urban renewal plan is subject to final approvals and completion of administrative processes. 325 Main Street consisted of an approximately 115,000 net rentable square foot Class A office property that was demolished and is being developed into an approximately 420,000 net rentable square foot Class A office property, including approximately 41,000 net rentable square feet of retail space.

*Insurance*

The Company's property insurance program per occurrence limits are $1.0 billion for its portfolio insurance program, including coverage for acts of terrorism other than nuclear, biological, chemical or radiological terrorism ("Terrorism Coverage"). The Company also carries $250 million of Terrorism Coverage for 601 Lexington Avenue, New York, New York ("601 Lexington Avenue") in excess of the $1.0 billion of coverage in the Company's property insurance program. Certain properties, including the General Motors Building located at 767 Fifth Avenue in New York, New York ("767 Fifth Avenue"), are currently insured in separate insurance programs. The property insurance program per occurrence limits for 767 Fifth Avenue are $1.625 billion, including Terrorism Coverage. The Company also currently carries nuclear, biological, chemical and radiological terrorism insurance coverage for acts of terrorism certified under the Federal Terrorism Risk Insurance Act (as amended, "TRIA") ("NBCR Coverage"), which is provided by IXP as a direct insurer, for the properties in the Company's portfolio, including 767 Fifth Avenue, but excluding certain other properties owned in joint ventures with third parties or which the Company manages. The per occurrence limit for NBCR Coverage is $1.0 billion. Under TRIA, after the payment of the required deductible and coinsurance, the NBCR Coverage provided by IXP is backstopped by the Federal Government if the aggregate industry insured losses resulting from a certified act of terrorism exceed a "program trigger." The program trigger is $200 million, the coinsurance is 20% and the deductible is 20% of the premiums earned by the insurer for the year prior to a claim. If the Federal Government pays out for a loss under TRIA, it is mandatory that the Federal Government recoup the full amount of the loss from insurers offering TRIA coverage after the payment of the loss pursuant to a formula in TRIA. The Company may elect to terminate the NBCR Coverage if the Federal Government seeks recoupment for losses paid under TRIA, if TRIA is not extended after its expiration on December 31, 2027, if there is a change in its portfolio or for any other reason. The Company intends to continue to monitor the scope, nature and cost of available terrorism insurance.

The Company also currently carries earthquake insurance on its properties located in areas known to be subject to earthquakes. Specifically, the Company currently carries earthquake insurance which covers its San Francisco and Los Angeles regions with a $240 million per occurrence limit, and a $240 million annual aggregate limit, $20 million of which is provided by IXP, as a direct insurer. This insurance is subject to a deductible in the amount of 3% of the value of the affected property. In addition, the Company currently carries earthquake insurance which covers its Seattle region with a $60 million per occurrence limit, and a $60 million annual aggregate limit. This insurance is subject to a deductible in the amount of 2% of the value of the affected property. The amount of the Company's earthquake insurance coverage may not be sufficient to cover losses from earthquakes. In addition, the amount of earthquake coverage could impact the Company's ability to finance properties subject to earthquake risk. The Company may discontinue earthquake insurance or change the structure of its earthquake insurance program on some or all of its properties in the future if the premiums exceed the Company's estimation of the value of the coverage.

IXP, a captive insurance company which is a wholly-owned subsidiary of the Company, acts as a direct insurer with respect to a portion of the Company's earthquake insurance coverage for its Greater San Francisco and Los Angeles properties and the Company's NBCR Coverage. Insofar as the Company owns IXP, it is responsible for its liquidity and capital resources, and the accounts of IXP are part of the Company's consolidated financial statements. In particular, if a loss occurs which is covered by the Company's NBCR Coverage but is less than the applicable program trigger under TRIA, IXP would be responsible for the full amount of the loss without any backstop by the Federal Government. IXP would also be responsible for any recoupment charges by the Federal Government in the event losses are paid out and its insurance policy is maintained after the payout by the Federal Government. If the Company experiences a loss and IXP is required to pay under its insurance policy, the Company would ultimately record the loss to the extent of the required payment. Therefore, insurance coverage provided by IXP should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance. In addition, Boston Properties Limited Partnership has issued a guarantee to cover liabilities of IXP in the amount of $20.0 million.

Due to the current COVID-19 pandemic, the Company anticipates the possibility of business interruption, loss of lease revenue and/or other associated expenses related to the Company's operations across its portfolio. Because this is an ongoing situation it is not yet possible to quantify the Company's losses and expenses, which continue to develop. Because of the complexity of the Company's insurance policies and limited precedent for claims being made related to pandemics, it is not yet possible to determine if such losses and expenses will be covered by the Company's insurance policies. Therefore, at this time, the Company has provided notice to the applicable insurers of potential for claims in order to protect the Company's rights under its policies.

The Company continues to monitor the state of the insurance market in general, and the scope and costs of coverage for acts of terrorism, earthquakes and pandemics, in particular, but the Company cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. There are other types of losses, such as from wars, for which the Company cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes, pandemics or other catastrophic events, if the Company experiences a loss that is uninsured or that exceeds policy limits, the Company could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Depending on the specific circumstances of each affected property, it is possible that the Company could be liable for mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect the Company's business and financial condition and results of operations.

**10. Noncontrolling Interests**

Noncontrolling interests relate to the interests in Boston Properties Limited Partnership not owned by Boston Properties, Inc. and interests in consolidated property partnerships not wholly-owned by the Company. As of September 30, 2021, the noncontrolling interests in Boston Properties Limited Partnership consisted of 15,989,304 OP Units, 1,487,492 LTIP Units (including 419,423 LTIP Units earned by employees under the Company's multi-year long-term incentive awards granted between 2012-2018 (i.e., 2012 OPP and 2013-2018 MYLTIP awards)), 219,916 2019 MYLTIP Units, 203,278 2020 MYLTIP Units and 352,021 2021 MYLTIP Units held by parties other than Boston Properties, Inc.

***Noncontrolling Interest—Common Units***

During the nine months ended September 30, 2021, 227,233 OP Units were presented by the holders for redemption (including 144,399 OP Units issued upon conversion of LTIP Units, 2012 OPP Units and MYLTIP Units) and were redeemed by Boston Properties, Inc. in exchange for an equal number of shares of Common Stock.

At September 30, 2021, Boston Properties Limited Partnership had outstanding 219,916 2019 MYLTIP Units, 203,278 2020 MYLTIP Units and 352,021 2021 MYLTIP Units. Prior to the end of the respective three-year performance period for each plan, holders of MYLTIP Units are entitled to receive per unit distributions equal to one-tenth (10%) of the regular quarterly distributions payable on an OP Unit, but will not be entitled to receive any special distributions. After the measurement date, the number of MYLTIP Units, both vested and unvested, that MYLTIP award recipients have earned, if any, based on the establishment of a performance pool, will be entitled to receive distributions in an amount per unit equal to distributions, both regular and special, payable on an OP Unit.

On February 5, 2021, the measurement period for the Company's 2018 MYLTIP awards ended and, based on Boston Properties, Inc.'s relative TSR performance, the final awards were determined to be 29.2% of target, or an aggregate of approximately $4.6 million (after giving effect to employee separations). As a result, an aggregate of 285,925 2018 MYLTIP Units that had been previously granted were automatically forfeited.

The following table presents Boston Properties Limited Partnership's distributions on the OP Units and LTIP Units (including the 2012 OPP Units, 2013 - 2017 MYLTIP Units and, after the February 5, 2021 measurement date, the 2018 MYLTIP Units) and its distributions on the 2018 MYLTIP Units (prior to the February 5, 2021 measurement date) and 2019 - 2021 MYLTIP Units (after the February 2, 2021 issuance date of the 2021 MYLTIP Units) that occurred during the nine months ended September 30, 2021:

| Record Date | Payment Date | Distributions per OP Unit and LTIP Unit | Distributions per MYLTIP Unit |
|---|---|---|---|
| September 30, 2021 | October 29, 2021 | $0.98 | $0.098 |
| June 30, 2021 | July 30, 2021 | $0.98 | $0.098 |
| March 31, 2021 | April 30, 2021 | $0.98 | $0.098 |
| December 31, 2020 | January 28, 2021 | $0.98 | $0.098 |

The following table presents Boston Properties Limited Partnership's distributions on the OP Units and LTIP Units (including the 2012 OPP Units, 2013 - 2016 MYLTIP Units and, after the February 6, 2020 measurement date, the 2017 MYLTIP Units) and its distributions on the 2017 MYLTIP Units (prior to the February 6, 2020 measurement date) and 2018 - 2020 MYLTIP Units (after the February 4, 2020 issuance date of the 2020 MYLTIP Units) that occurred during the nine months ended September 30, 2020:

| Record Date | Payment Date | Distributions per OP Unit and LTIP Unit | Distributions per MYLTIP Unit |
|---|---|---|---|
| September 30, 2020 | October 30, 2020 | $0.98 | $0.098 |
| June 30, 2020 | July 31, 2020 | $0.98 | $0.098 |
| March 31, 2020 | April 30, 2020 | $0.98 | $0.098 |
| December 31, 2019 | January 30, 2020 | $0.98 | $0.098 |

A holder of an OP Unit may present the OP Unit to Boston Properties Limited Partnership for redemption at any time (subject to restrictions agreed upon at the time of issuance of OP Units to particular holders that may restrict such redemption right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, Boston Properties Limited Partnership must redeem the OP Unit for cash equal to the then value of a share of Common Stock of Boston Properties, Inc. Boston Properties, Inc. may, in its sole discretion, elect to assume and satisfy the redemption obligation by paying either cash or issuing one share of Common Stock. The value of the OP Units (not owned by Boston Properties, Inc. and LTIP Units (including the 2012 OPP Units and 2013 - 2018 MYLTIP Units) assuming that all conditions had been met for the conversion thereof) had all of such units been redeemed at September 30, 2021 was approximately $1.9 billion based on the last reported price of a share of Common Stock on the New York Stock Exchange of $108.35 per share on September 30, 2021.

***Noncontrolling Interests—Property Partnerships***

The noncontrolling interests in property partnerships consist of the outside equity interests in ventures that are consolidated with the financial results of the Company because the Company exercises control over the entities that own the properties. The equity interests in these ventures that are not owned by the Company, totaling approximately $1.7 billion at September 30, 2021 and December 31, 2020, are included in Noncontrolling Interests—Property Partnerships on the accompanying Consolidated Balance Sheets.

## 11. Stockholders' Equity / Partners' Capital

***Boston Properties, Inc.***

As of September 30, 2021, Boston Properties, Inc. had 156,206,491 shares of Common Stock outstanding.

As of September 30, 2021, Boston Properties, Inc. owned 1,736,833 general partnership units and 154,469,658 limited partnership units in Boston Properties Limited Partnership.

On May 22, 2020, Boston Properties, Inc. renewed its “at the market” (“ATM”) stock offering program through which it may sell from time to time up to an aggregate of $600.0 million of its Common Stock through sales agents over a three-year period. Under the ATM stock offering program, Boston Properties, Inc. may also engage in forward sale transactions with affiliates of certain sales agents for the sale of its Common Stock on a forward basis. This program replaced Boston Properties, Inc.’s prior $600.0 million ATM stock offering program that was scheduled to expire on June 2, 2020. Boston Properties, Inc. intends to use the net proceeds from any offering for general business purposes, which may include investment opportunities and debt reduction. No shares of Common Stock have been issued under this ATM stock offering program.

During the nine months ended September 30, 2021, Boston Properties, Inc. issued 206,377 shares of Common Stock upon the exercise of options to purchase Common Stock.

During the nine months ended September 30, 2021, Boston Properties, Inc. issued 227,233 shares of Common Stock in connection with the redemption of an equal number of redeemable OP Units from limited partners.

The following table presents Boston Properties, Inc.’s dividends per share and Boston Properties Limited Partnership’s distributions per OP Unit and LTIP Unit paid or declared in 2021 and during the nine months ended September 30, 2020:

| Record Date | Payment Date | Dividend (Per Share) | Distribution (Per Unit) |
|---|---|---|---|
| September 30, 2021 | October 29, 2021 | $0.98 | $0.98 |
| June 30, 2021 | July 30, 2021 | $0.98 | $0.98 |
| March 31, 2021 | April 30, 2021 | $0.98 | $0.98 |
| December 31, 2020 | January 28, 2021 | $0.98 | $0.98 |
| | | | |
| September 30, 2020 | October 30, 2020 | $0.98 | $0.98 |
| June 30, 2020 | July 31, 2020 | $0.98 | $0.98 |
| March 31, 2020 | April 30, 2020 | $0.98 | $0.98 |
| December 31, 2019 | January 30, 2020 | $0.98 | $0.98 |

*Preferred Stock*

On March 2, 2021, Boston Properties, Inc. issued a redemption notice for 80,000 shares of its Series B Preferred Stock, which constituted all of the outstanding Series B Preferred Stock, and the corresponding Depositary Shares, each representing 1/100th of a share of Series B Preferred Stock. The redemption price per share of Series B Preferred Stock was equal to $2,500 plus all accrued and unpaid dividend to, but not including, the redemption date, totaling $2,516.41 per share. On March 31, 2021, the Company transferred the full redemption price for all outstanding shares of Series B Preferred Stock of approximately $201.3 million including approximately $1.3 million of accrued and unpaid dividends to, but not including, the redemption date, to the redemption agent. The excess of the redemption price over the carrying value of the Series B Preferred Stock and Series B Preferred Units of approximately $6.4 million relates to the original issuance costs and is reflected as a reduction to Net Income Attributable to Boston Properties, Inc. common shareholders and Net Income Attributable to Boston Properties Limited Partnership common unitholders on the Consolidated Income Statement.

On April 1, 2021, Boston Properties, Inc. redeemed 80,000 shares of Series B Preferred Stock (including the corresponding 8,000,000 Depositary Shares), which represented all of the outstanding shares of Series B Preferred Stock and all of the outstanding Depositary Shares. In connection with the redemption of the Series B Preferred Stock, all of the Series B Preferred Units, which had terms and preferences generally mirroring those of the Series B Preferred Stock, were redeemed by Boston Properties Limited Partnership.

The following table presents Boston Properties, Inc.'s dividends per share on its Series B Preferred Stock paid or declared during 2021 and during the nine months ended September 30, 2020:

| Record Date | Payment Date | Dividend (Per Share) |
|---|---|---|
| February 5, 2021 | February 16, 2021 | $32.8125 |
| | | |
| November 4, 2020 | November 16, 2020 | $32.8125 |
| August 3, 2020 | August 17, 2020 | $32.8125 |
| May 1, 2020 | May 15, 2020 | $32.8125 |
| February 4, 2020 | February 18, 2020 | $32.8125 |

**12. Segment Information**

The following tables present reconciliations of Net Income Attributable to Boston Properties, Inc. Common Shareholders to the Company's share of Net Operating Income and Net Income Attributable to Boston Properties Limited Partnership Common Unitholders to the Company's share of Net Operating Income for the three and nine months ended September 30, 2021 and 2020.

***Boston Properties, Inc.***

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 108,297 | $ 89,854 | $ 311,680 | $ 854,541 |
| Add: | | | | |
| Preferred stock redemption charge | — | — | 6,412 | — |
| Preferred dividends | — | 2,625 | 2,560 | 7,875 |
| Noncontrolling interest—common units of the Operating Partnership | 11,982 | 10,020 | 35,393 | 97,090 |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 | 52,602 | 34,280 |
| Interest expense | 105,794 | 110,993 | 320,015 | 319,726 |
| Losses from early extinguishment of debt | — | — | 898 | — |
| Loss from unconsolidated joint ventures | 5,597 | 6,873 | 1,745 | 5,410 |
| Net operating income from unconsolidated joint ventures | 24,266 | 24,938 | 74,478 | 81,607 |
| Depreciation and amortization expense | 179,412 | 166,456 | 539,815 | 515,738 |
| Transaction costs | 1,888 | 307 | 2,970 | 1,254 |
| Payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| General and administrative expense | 34,560 | 27,862 | 117,924 | 102,059 |
| Less: | | | | |
| Net operating income attributable to noncontrolling interests in property partnerships | 47,800 | 42,160 | 138,463 | 122,248 |
| Gains (losses) from investments in securities | (190) | 1,858 | 3,744 | 965 |
| Interest and other income (loss) | 1,520 | (45) | 4,140 | 4,277 |
| Gains (losses) on sales of real estate | 348 | (209) | 8,104 | 613,723 |
| Direct reimbursements of payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| Development and management services revenue | 6,094 | 7,281 | 20,181 | 23,285 |
| Company's share of Net Operating Income | $ 435,195 | $ 404,444 | $ 1,291,860 | $ 1,255,082 |

***Boston Properties Limited Partnership***

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in thousands) | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 122,014 | $ 101,624 | $ 353,633 | $ 969,932 |
| Add: | | | | |
| Preferred unit redemption charge | — | — | 6,412 | — |
| Preferred distributions | — | 2,625 | 2,560 | 7,875 |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 | 52,602 | 34,280 |
| Interest expense | 105,794 | 110,993 | 320,015 | 319,726 |
| Losses from early extinguishment of debt | — | — | 898 | — |
| Loss from unconsolidated joint ventures | 5,597 | 6,873 | 1,745 | 5,410 |
| Net operating income from unconsolidated joint ventures | 24,266 | 24,938 | 74,478 | 81,607 |
| Depreciation and amortization expense | 177,677 | 164,706 | 533,255 | 510,400 |
| Transaction costs | 1,888 | 307 | 2,970 | 1,254 |
| Payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| General and administrative expense | 34,560 | 27,862 | 117,924 | 102,059 |
| Less: | | | | |
| Net operating income attributable to noncontrolling interests in property partnerships | 47,800 | 42,160 | 138,463 | 122,248 |
| Gains (losses) from investments in securities | (190) | 1,858 | 3,744 | 965 |
| Interest and other income (loss) | 1,520 | (45) | 4,140 | 4,277 |
| Gains (losses) on sales of real estate | 348 | (209) | 8,104 | 626,686 |
| Direct reimbursements of payroll and related costs from management services contracts | 3,006 | 2,896 | 9,166 | 8,617 |
| Development and management services revenue | 6,094 | 7,281 | 20,181 | 23,285 |
| Company’s share of Net Operating Income | $ 435,195 | $ 404,444 | $ 1,291,860 | $ 1,255,082 |

Net operating income (“NOI”) is a non-GAAP financial measure equal to net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders, as applicable, the most directly comparable GAAP financial measures, plus (1) preferred stock/unit redemption charge, preferred dividends/distributions, net income attributable to noncontrolling interests, interest expense, losses from early extinguishment of debt, loss from unconsolidated joint ventures, depreciation and amortization expense, transaction costs, payroll and related costs from management services contracts and corporate general and administrative expense less (2) gains (losses) from investments in securities, interest and other income (loss), gains (losses) on sales of real estate, direct reimbursements of payroll and related costs from management services contracts and development and management services revenue. The Company believes NOI is useful to investors as a performance measure and believes it provides useful information to investors regarding its results of operations and financial condition because, when compared across periods, it reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and development activity on an unleveraged basis, providing perspective not immediately apparent from net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders. 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. NOI presented by the Company may not be comparable to NOI reported by other REITs or real estate companies that define NOI differently.

The Company's internal reporting utilizes its share of NOI, which includes its share of NOI from consolidated and unconsolidated joint ventures, which is a non-GAAP financial measure that is calculated as the consolidated amount, plus the Company's share of the amount from the Company's unconsolidated joint ventures (calculated based upon the Company's economic 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' economic 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). The Company's share of NOI from unconsolidated joint ventures does not include its share of gains on sales of real estate from unconsolidated joint ventures and gain on sale of investment from unconsolidated joint ventures, both of which are included within Loss From Unconsolidated Joint Ventures in the Company's Consolidated Statements of Operations. Management utilizes its share of NOI in assessing its performance as 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, the presentations of the Company's share of NOI 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.

Asset information by segment is not reported because the Company does not use this measure to assess performance. Therefore, depreciation and amortization expense is not allocated among segments. Preferred stock/unit redemption charge, preferred dividends/distributions, interest expense, losses from early extinguishment of debt, loss from unconsolidated joint ventures, depreciation and amortization expense, transaction costs, payroll and related costs from management services contracts, corporate general and administrative expense, gains (losses) from investments in securities, interest and other income (loss), gains (losses) on sales of real estate, direct reimbursements of payroll and related costs from management services contracts and development and management services revenue are not included in NOI and are provided as reconciling items to the Company's reconciliations of its share of NOI to net income attributable to common shareholders/unitholders.

The Company's segments are based on the Company's method of internal reporting which classifies its operations by geographic area. The Company's segments by geographic area are Boston, Los Angeles, New York, San Francisco, Seattle and Washington, DC. On September 1, 2021, the Company invested into a joint venture that acquired Safeco Plaza located in Seattle, Washington (See Note 5). As such, the Seattle region was identified as a segment during the third quarter of 2021. The Company also presents information for each segment by property type, including Office, Residential and Hotel.

Included within the Office property type are commercial office and retail leases, as well as parking revenue. Any write-off for bad debt, including accrued rent, will be recorded as a reduction to lease revenue. During the nine months ended September 30, 2021, the Company wrote off approximately $1.3 million related to accrued rent, net balances and accounts receivable, net balances. There were no write-offs related to accrued rent, net balances and accounts receivable, net balances for the three months ended September 30, 2021. During the three and nine months ended September 30, 2020, the Company wrote off approximately $7.5 million and $63.8 million, respectively, related to accrued rent, net balances and accounts receivable, net balances. The write-offs were for tenants, primarily in the retail sector, that either terminated their leases or for which the Company considered their accrued rent and/or accounts receivable balances were no longer probable of collection.

In addition, parking and other revenue for the three months ended September 30, 2021 increased by approximately $7.2 million compared to the three months ended September 30, 2020. Parking and other revenue for the nine months ended September 30, 2021 increased by approximately $4.0 million compared to 2020.

The Boston Marriott Cambridge closed in March 2020 due to COVID-19. The hotel re-opened on October 2, 2020 and has operated at lower occupancy levels due to the continued impact of COVID-19 on business and leisure travel. The closing of the hotel for more than two fiscal quarters, and the lower demand and low occupancy since its re-opening, have had, and are expected to continue to have, a material adverse effect on the hotel's operations and thus the results of the Company's Hotel property type.

Information by geographic area and property type (dollars in thousands):

For the three months ended September 30, 2021:

| | Boston | Los Angeles | New York | San Francisco | Seattle | Washington, DC | Total |
|---|---|---|---|---|---|---|---|
| Rental Revenue: (1) | | | | | | | |
| Office | $ 236,080 | $ — | $ 257,656 | $ 125,340 | $ — | $ 85,797 | $ 704,873 |
| Residential | 3,418 | — | — | 806 | — | 6,670 | 10,894 |
| Hotel | 5,189 | — | — | — | — | — | 5,189 |
| Total | 244,687 | — | 257,656 | 126,146 | — | 92,467 | 720,956 |
| % of Grand Totals | 33.93 % | — % | 35.74 % | 17.50 % | — % | 12.83 % | 100.00 % |
| Rental Expenses: | | | | | | | |
| Office | 82,697 | — | 94,338 | 43,582 | — | 31,619 | 252,236 |
| Residential | 1,396 | — | — | 1,688 | — | 2,961 | 6,045 |
| Hotel | 3,946 | — | — | — | — | — | 3,946 |
| Total | 88,039 | — | 94,338 | 45,270 | — | 34,580 | 262,227 |
| % of Grand Totals | 33.57 % | — % | 35.98 % | 17.26 % | — % | 13.19 % | 100.00 % |
| Net operating income | $ 156,648 | $ — | $ 163,318 | $ 80,876 | $ — | $ 57,887 | $ 458,729 |
| % of Grand Totals | 34.15 % | — % | 35.60 % | 17.63 % | — % | 12.62 % | 100.00 % |
| Less: Net operating income attributable to noncontrolling interests in property partnerships | (10,841) | — | (36,959) | — | — | — | (47,800) |
| Add: Company's share of net operating income from unconsolidated joint ventures | 3,464 | 12,078 | 104 | 3,502 | 671 | 4,447 | 24,266 |
| Company's share of net operating income | $ 149,271 | $ 12,078 | $ 126,463 | $ 84,378 | $ 671 | $ 62,334 | $ 435,195 |
| % of Grand Totals | 34.30 % | 2.78 % | 29.06 % | 19.39 % | 0.15 % | 14.32 % | 100.00 % |

(1) Rental Revenue is equal to Total Revenue per the Company's Consolidated Statements of Operations, less Development and Management Services Revenue and Direct Reimbursements of Payroll and Related Costs from Management Services Contracts Revenue per the Consolidated Statements of Operations.

For the three months ended September 30, 2020:

| | Boston | Los Angeles | New York | San Francisco | Washington, DC | Total |
|---|---|---|---|---|---|---|
| Rental Revenue: (1) | | | | | | |
| Office | $ 225,652 | $ — | $ 239,535 | $ 128,165 | $ 79,931 | $ 673,283 |
| Residential | 3,043 | — | — | 23 | 6,652 | 9,718 |
| Hotel | 90 | — | — | — | — | 90 |
| Total | 228,785 | — | 239,535 | 128,188 | 86,583 | 683,091 |
| % of Grand Totals | 33.48 % | — % | 35.07 % | 18.77 % | 12.68 % | 100.00 % |
| Rental Expenses: | | | | | | |
| Office | 81,890 | — | 97,904 | 41,518 | 31,994 | 253,306 |
| Residential | 1,350 | — | — | 740 | 2,865 | 4,955 |
| Hotel | 3,164 | — | — | — | — | 3,164 |
| Total | 86,404 | — | 97,904 | 42,258 | 34,859 | 261,425 |
| % of Grand Totals | 33.05 % | — % | 37.46 % | 16.16 % | 13.33 % | 100.00 % |
| Net operating income | $ 142,381 | $ — | $ 141,631 | $ 85,930 | $ 51,724 | $ 421,666 |
| % of Grand Totals | 33.77 % | — % | 33.58 % | 20.38 % | 12.27 % | 100.00 % |
| Less: Net operating income attributable to noncontrolling interests in property partnerships | (10,228) | — | (31,932) | — | — | (42,160) |
| Add: Company's share of net operating income from unconsolidated joint ventures | 2,764 | 11,953 | 539 | 4,098 | 5,584 | 24,938 |
| Company's share of net operating income | $ 134,917 | $ 11,953 | $ 110,238 | $ 90,028 | $ 57,308 | $ 404,444 |
| % of Grand Totals | 33.35 % | 2.96 % | 27.26 % | 22.26 % | 14.17 % | 100.00 % |

_______________

(1) Rental Revenue is equal to Total Revenue per the Company's Consolidated Statements of Operations, less Development and Management Services Revenue and Direct Reimbursements of Payroll and Related Costs from Management Services Contracts Revenue per the Consolidated Statements of Operations.

For the nine months ended September 30, 2021:

| | Boston | Los Angeles | New York | San Francisco | Seattle | Washington, DC | Total |
|---|---|---|---|---|---|---|---|
| Rental Revenue: (1) | | | | | | | |
| Office | $ 696,054 | $ — | $ 760,002 | $ 382,119 | $ — | $ 252,822 | $ 2,090,997 |
| Residential | 9,594 | — | — | 1,817 | — | 18,421 | 29,832 |
| Hotel | 7,382 | — | — | — | — | — | 7,382 |
| Total | 713,030 | — | 760,002 | 383,936 | — | 271,243 | 2,128,211 |
| % of Grand Totals | 33.50 % | — % | 35.71 % | 18.04 % | — % | 12.75 % | 100.00 % |
| Rental Expenses: | | | | | | | |
| Office | 240,743 | — | 286,385 | 124,785 | — | 94,360 | 746,273 |
| Residential | 4,286 | — | — | 4,918 | — | 8,896 | 18,100 |
| Hotel | 7,993 | — | — | — | — | — | 7,993 |
| Total | 253,022 | — | 286,385 | 129,703 | — | 103,256 | 772,366 |
| % of Grand Totals | 32.76 % | — % | 37.08 % | 16.79 % | — % | 13.37 % | 100.00 % |
| Net operating income | $ 460,008 | $ — | $ 473,617 | $ 254,233 | $ — | $ 167,987 | $ 1,355,845 |
| % of Grand Totals | 33.93 % | — % | 34.93 % | 18.75 % | — % | 12.39 % | 100.00 % |
| Less: Net operating income attributable to noncontrolling interests in property partnerships | (31,641) | — | (106,822) | — | — | — | (138,463) |
| Add: Company's share of net operating income from unconsolidated joint ventures | 9,369 | 38,535 | (517) | 10,562 | 671 | 15,858 | 74,478 |
| Company's share of net operating income | $ 437,736 | $ 38,535 | $ 366,278 | $ 264,795 | $ 671 | $ 183,845 | $ 1,291,860 |
| % of Grand Totals | 33.88 % | 2.98 % | 28.35 % | 20.50 % | 0.05 % | 14.24 % | 100.00 % |

(1) Rental Revenue is equal to Total Revenue per the Company's Consolidated Statements of Operations, less Development and Management Services Revenue and Direct Reimbursements of Payroll and Related Costs from Management Services Contracts Revenue per the Consolidated Statements of Operations.

For the nine months ended September 30, 2020:

| | Boston | Los Angeles | New York | San Francisco | Washington, DC | Total |
|---|---|---|---|---|---|---|
| Rental Revenue: (1) | | | | | | |
| Office | $ 683,501 | $ — | $ 699,063 | $ 393,137 | $ 256,904 | $ 2,032,605 |
| Residential | 10,512 | — | — | 23 | 18,541 | 29,076 |
| Hotel | 7,014 | — | — | — | — | 7,014 |
| Total | 701,027 | — | 699,063 | 393,160 | 275,445 | 2,068,695 |
| % of Grand Totals | 33.89 % | — % | 33.79 % | 19.01 % | 13.31 % | 100.00 % |
| Rental Expenses: | | | | | | |
| Office | 240,129 | — | 285,411 | 123,168 | 99,322 | 748,030 |
| Residential | 3,925 | — | — | 740 | 8,319 | 12,984 |
| Hotel | 11,958 | — | — | — | — | 11,958 |
| Total | 256,012 | — | 285,411 | 123,908 | 107,641 | 772,972 |
| % of Grand Totals | 33.12 % | — % | 36.92 % | 16.03 % | 13.93 % | 100.00 % |
| Net operating income | $ 445,015 | $ — | $ 413,652 | $ 269,252 | $ 167,804 | $ 1,295,723 |
| % of Grand Totals | 34.35 % | — % | 31.92 % | 20.78 % | 12.95 % | 100.00 % |
| Less: Net operating income attributable to noncontrolling interests in property partnerships | (31,467) | — | (90,781) | — | — | (122,248) |
| Add: Company's share of net operating income from unconsolidated joint ventures | 8,490 | 42,909 | 2,110 | 11,384 | 16,714 | 81,607 |
| Company's share of net operating income | $ 422,038 | $ 42,909 | $ 324,981 | $ 280,636 | $ 184,518 | $ 1,255,082 |
| % of Grand Totals | 33.63 % | 3.42 % | 25.89 % | 22.36 % | 14.70 % | 100.00 % |

_______________

(1) Rental Revenue is equal to Total Revenue per the Company's Consolidated Statements of Operations, less Development and Management Services Revenue and Direct Reimbursements of Payroll and Related Costs from Management Services Contracts Revenue per the Consolidated Statements of Operations.

### 13. Earnings Per Share / Common Unit

***Boston Properties, Inc.***

The following table provides a reconciliation of both the net income attributable to Boston Properties, Inc. common shareholders and the number of common shares used in the computation of basic earnings per share ("EPS"), which is calculated by dividing net income attributable to Boston Properties, Inc. common shareholders by the weighted-average number of common shares outstanding during the period. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are also participating securities. As such, unvested restricted common stock of Boston Properties, Inc. and Boston Properties Limited Partnership's LTIP Units, 2012 OPP Units and MYLTIP Units are considered participating securities. Participating securities are included in the computation of basic EPS of Boston Properties, Inc. using the two-class method. Participating securities are included in the computation of diluted EPS of Boston Properties, Inc. using the if-converted method if the impact is dilutive. Because the 2012 OPP Units and 2013 - 2018 MYLTIP Units required, and the 2019 - 2021 MYLTIP Units require, Boston Properties, Inc. to outperform absolute and/or relative return thresholds, unless such thresholds have been met by the end of the applicable reporting period, Boston Properties, Inc. excludes such units from the diluted EPS calculation. Other potentially dilutive common shares, including stock options, restricted stock and other securities of Boston Properties Limited Partnership that are exchangeable for Boston Properties, Inc.'s Common Stock, and the related impact on earnings, are considered when calculating diluted EPS.

| | Three months ended September 30, 2021 | | |
|---|---|---|---|
| | Income (Numerator) | Shares (Denominator) | Per Share Amount |
| | (in thousands, except for per share amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 108,297 | 156,183 | $ 0.69 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 415 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 108,297 | 156,598 | $ 0.69 |

| | Three months ended September 30, 2020 | | |
|---|---|---|---|
| | Income (Numerator) | Shares (Denominator) | Per Share Amount |
| | (in thousands, except for per share amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 89,854 | 155,645 | $ 0.58 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 25 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 89,854 | 155,670 | $ 0.58 |

| | Nine months ended September 30, 2021 | | |
|---|---|---|---|
| | Income (Numerator) | Shares (Denominator) | Per Share Amount |
| | (in thousands, except for per share amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 311,680 | 156,062 | $ 2.00 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 332 | (0.01) |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 311,680 | 156,394 | $ 1.99 |

| | Nine months ended September 30, 2020 | | |
|---|---|---|---|
| | Income (Numerator) | Shares (Denominator) | Per Share Amount |
| | (in thousands, except for per share amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 854,541 | 155,349 | $ 5.50 |
| Allocation of undistributed earnings to participating securities | (1,150) | — | (0.01) |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 853,391 | 155,349 | $ 5.49 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 98 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 853,391 | 155,447 | $ 5.49 |

***Boston Properties Limited Partnership***

The following table provides a reconciliation of both the net income attributable to Boston Properties Limited Partnership common unitholders and the number of common units used in the computation of basic earnings per common unit, which is calculated by dividing net income attributable to Boston Properties Limited Partnership common unitholders by the weighted-average number of common units outstanding during the period. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are also participating securities. As such, unvested restricted common stock of Boston Properties, Inc. and Boston Properties Limited Partnership's LTIP Units, 2012 OPP Units and MYLTIP Units are considered participating securities. Participating securities are included in the computation of basic earnings per common unit using the two-class method. Participating securities are included in the computation of diluted earnings per common unit using the if-converted method if the impact is dilutive. Because the 2012 OPP Units and 2013 - 2018 MYLTIP Units required, and the 2019 - 2021 MYLTIP Units require, Boston Properties, Inc. to outperform absolute and/or relative return thresholds, unless such thresholds have been met by the end of the applicable reporting period, Boston Properties Limited Partnership excludes such units from the diluted earnings per common unit calculation. Other potentially dilutive common units and the related impact on earnings are considered when calculating diluted earnings per common unit. Included in the number of units (the denominator) below are approximately 17,011,000 and 17,032,000 redeemable common units for the three months ended September 30, 2021 and 2020, respectively, and 17,016,000 and 17,279,000 redeemable common units for the nine months ended September 30, 2021, and 2020, respectively.

| | Three months ended September 30, 2021 | | |
|---|---|---|---|
| | Income (Numerator) | Units (Denominator) | Per Unit Amount |
| | (in thousands, except for per unit amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 122,014 | 173,194 | $ 0.70 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 415 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 122,014 | 173,609 | $ 0.70 |

| | Three months ended September 30, 2020 | | |
|---|---|---|---|
| | Income (Numerator) | Units (Denominator) | Per Unit Amount |
| | (in thousands, except for per unit amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 101,624 | 172,677 | $ 0.59 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 25 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 101,624 | 172,702 | $ 0.59 |

| | Nine months ended September 30, 2021 | | |
|---|---|---|---|
| | Income (Numerator) | Units (Denominator) | Per Unit Amount |
| | (in thousands, except for per unit amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 353,633 | 173,078 | $ 2.04 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 332 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 353,633 | 173,410 | $ 2.04 |

| | Nine months ended September 30, 2020 | | |
|---|---|---|---|
| | Income (Numerator) | Units (Denominator) | Per Unit Amount |
| | (in thousands, except for per unit amounts) | | |
| Basic Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 969,932 | 172,628 | $ 5.62 |
| Allocation of undistributed earnings to participating securities | (1,278) | — | (0.01) |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 968,654 | 172,628 | $ 5.61 |
| Effect of Dilutive Securities: | | | |
| Stock Based Compensation | — | 98 | — |
| Diluted Earnings: | | | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 968,654 | 172,726 | $ 5.61 |

**14. Stock Option and Incentive Plan**

On February 2, 2021, Boston Properties, Inc.’s Compensation Committee approved the 2021 MYLTIP awards under the Boston Properties, Inc. 2012 Stock Option and Incentive Plan (the “2012 Plan”) to certain officers and employees of Boston Properties, Inc. The 2021 MYLTIP awards consist of two, equally weighted (50% each) components that utilize Boston Properties, Inc.’s TSR over a three-year measurement period as the performance metric.

The first component of the 2021 MYLTIP, which represents one-half (50%) of the target grant-date value, retains the basic general structure of the 2020 MYLTIP awards with certain changes, including a change to the custom peer index against which Boston Properties, Inc.'s TSR is compared. The number of LTIP Units that can be earned under this component ranges from zero to 200% of the target number of LTIP Units, based on Boston Properties, Inc.'s annualized relative TSR performance compared to a custom index. Under this component, 100% of the target number of LTIP Units will be earned if Boston Properties, Inc.'s TSR equals the custom index TSR; for relative TSR performance between -1,000 basis points and +1,000 basis points, the number of LTIP Units earned will be determined using linear interpolation.

The second component represents the remaining one-half (50%) of the target grant-date value of the 2021 MYLTIP. The number of LTIP Units that can be earned under this component ranges from zero to 200% of the target number of LTIP Units, based on Boston Properties, Inc.'s cumulative absolute TSR during the performance period. Under this component, 100% of the target number of LTIP Units will be earned if Boston Properties, Inc.'s achieves an absolute TSR equal to +1,000 basis points; if Boston Properties, Inc.'s absolute TSR is greater than -4,000 basis points but less than +6,000 basis points, then the number of LTIP Units earned will be determined using linear interpolation.

Total earned awards under the 2021 MYLTIP, if any, will equal the sum of the number of LTIP Units earned under the first and second components and will range from zero to a maximum of 352,021 LTIP Units with a target of approximately 176,009 LTIP Units and linear interpolation between zero and maximum. Earned awards (if any) will vest 100% on February 1, 2024, but may not be converted, redeemed, sold or otherwise transferred for one additional year thereafter. Vesting will be accelerated in the event of a change in control, termination of employment by Boston Properties, Inc. without cause, or termination of employment by the award recipient for good reason, death, disability or retirement. If there is a change of control prior to February 1, 2024, earned awards will be calculated based on TSR performance up to the date of the change of control. The 2021 MYLTIP awards are in the form of LTIP Units issued on the grant date, and they are subject to forfeiture to the extent awards are not earned. Prior to the performance measurement date holders of the 2021 MYLTIP Units are only entitled to one-tenth (10%) of the regular quarterly distributions payable on common partnership units. Following the completion of the three-year performance period, Boston Properties, Inc. will also make a "catch-up" cash payment on the 2021 MYLTIP Units that are ultimately earned in an amount equal to the regular and special distributions, if any, declared during the performance period on Boston Properties, Inc.'s common stock, less the distributions actually paid to holders of 2021 MYLTIP Units during the performance period on all of the awarded 2021 MYLTIP Units. Under ASC 718 "Compensation - Stock Compensation," the 2021 MYLTIP awards have an aggregate value of approximately $15.3 million, which amount will generally be amortized into earnings under the graded vesting method.

On February 5, 2021, the measurement period for the Company's 2018 MYLTIP awards ended and, based on Boston Properties, Inc.'s relative TSR performance, the final awards were determined to be 29.2% of target, or an aggregate of approximately $4.6 million (after giving effect to employee separations). As a result, an aggregate of 285,925 2018 MYLTIP Units that had been previously granted were automatically forfeited.

At Boston Properties, Inc.'s 2021 annual meeting of stockholders held on May 20, 2021, its stockholders approved the Boston Properties, Inc. 2021 Stock Incentive Plan (the "2021 Plan"). The 2021 Plan replaces the 2012 Plan and no further awards will be granted under the 2012 Plan. The material features of the 2021 Plan include, among other things: (i) the maximum number of shares of Common Stock reserved and available for issuance under the 2021 Plan is 5,400,000 shares less one share for every one share that was granted between March 4, 2021 and May 19, 2021 under the 2012 Plan, (ii) shares of Common Stock underlying awards granted under the 2021 Plan or the 2012 Plan that are forfeited, canceled or otherwise terminated (other than by exercise) will be added back to the shares of Common Stock available for issuance under the 2021 Plan and, with respect to "full-value" awards under the 2021 Plan or the 2012 Plan, shares tendered or held back for taxes and shares previously reserved for issuance pursuant to such an award to the extent that such shares are not issued and are no longer issuable pursuant to such an award (e.g., in the event that a full-value award that may be settled in cash or by issuance of shares of Common Stock is settled in cash) will be added back to the shares available for issuance under the 2021 Plan, (iii) the award of stock options (both incentive and non-qualified options), stock appreciation rights, restricted stock units, restricted stock, unrestricted stock, dividend equivalent rights, cash-based awards and other equity-based awards (including LTIP Units) is permitted, (iv) stock options may not be repriced and "underwater" stock options may not be exchanged for another award or cash without stockholder approval; and (v) the term of the 2021 Plan is for ten years from the date of stockholder approval.

During the nine months ended September 30, 2021, Boston Properties, Inc. issued 56,841 shares of restricted common stock and Boston Properties Limited Partnership issued 281,640 LTIP Units and 352,021 2021 MYLTIP Units to employees and non-employee director advisors under the 2012 Plan and the 2021 Plan. Employees paid $0.01 per share of restricted common stock and $0.25 per LTIP Unit and 2021 MYLTIP Unit. When issued, LTIP

Units are not economically equivalent in value to a share of Common Stock, but over time can increase in value to one-for-one parity with Common Stock if there is sufficient appreciation in the value of the Company's assets. The aggregate value of the LTIP Units is included in noncontrolling interests in the Consolidated Balance Sheets of Boston Properties, Inc. and Boston Properties Limited Partnership. A substantial majority of the grants of restricted common stock and LTIP Units to employees vest in four equal annual installments. Restricted common stock is measured at fair value on the date of grant based on the number of shares granted and the closing price of Boston Properties, Inc.'s Common Stock on the date of grant as quoted on the New York Stock Exchange. Such value is recognized as an expense ratably over the corresponding employee service period. The shares of restricted common stock granted during the nine months ended September 30, 2021 were valued at approximately $5.7 million ($100.46 per share weighted-average). The LTIP Units granted were valued at approximately $23.8 million (approximately $84.43 per unit weighted-average fair value) using a Monte Carlo simulation method model. The per unit fair values of the LTIP Units granted were estimated on the dates of grant and for a substantial majority of such units were valued using the following assumptions: an expected life of 5.7 years, a risk-free interest rate of 0.65% and an expected price volatility of 30.0%. Because the 2012 OPP Units and 2013 - 2021 MYLTIP Units are subject to both a service condition and a market condition, the Company recognizes the related compensation expense under the graded vesting attribution method. Under the graded vesting attribution method, each portion of the award that vests at a different date is accounted for as a separate award and recognized over the period appropriate to that portion so that the compensation cost for each portion should be recognized in full by the time that portion vests. The Company recognizes forfeitures as they occur on its awards of stock-based compensation. Dividends paid on both vested and unvested shares of restricted stock are charged directly to Dividends in Excess of Earnings in Boston Properties, Inc.'s Consolidated Balance Sheets and Partners' Capital in Boston Properties Limited Partnership's Consolidated Balance Sheets. Aggregate stock-based compensation expense associated with restricted stock, LTIP Units and MYLTIP Units was approximately $8.4 million and $8.0 million for the three months ended September 30, 2021 and 2020, respectively, and $42.2 million and $35.3 million for the nine months ended September 30, 2021 and 2020, respectively. At September 30, 2021, there was (1) an aggregate of approximately $28.4 million of unrecognized compensation expense related to unvested restricted stock, LTIP Units and 2018 MYLTIP Units and (2) an aggregate of approximately $9.4 million of unrecognized compensation expense related to unvested 2019 - 2021 MYLTIP Units that is expected to be recognized over a weighted-average period of approximately 2.1 years.

**15. Subsequent Events**

On October 15, 2021, Boston Properties Limited Partnership used available cash and funds under its 2021 Credit Facility to complete the redemption of $1.0 billion in aggregate principal amount of its 3.85% senior notes due February 1, 2023. The redemption price was approximately $1.05 billion, which included approximately $7.9 million of accrued and unpaid interest to, but not including, the redemption date and an early redemption premium and unamortized financing costs totaling approximately $43.9 million.

On October 19, 2021, the Company partially placed in-service Reston Next, a Class A office project with approximately 1.1 million net rentable square feet located in Reston, Virginia.

On October 25, 2021, the Company completed the sale of its 181,191 and 201 Spring Street properties located in Lexington, Massachusetts for an aggregate gross sales price of $191.5 million. 181,191 and 201 Spring Street are three Class A office properties aggregating approximately 333,000 net rentable square feet and are 100% leased.

On October 29, 2021, a joint venture in which the Company has a 50% interest fully placed in-service 7750 Wisconsin Avenue, a Class A office project with approximately 734,000 net rentable square feet located in Bethesda, Maryland.

**ITEM 2—Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report.

This Quarterly Report on Form 10-Q, including the documents incorporated by reference, contain 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. Such statements are contained principally, but not only, under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." 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," "could", "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.

The most significant factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements include 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, the risks described in (i) our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 including those described under the caption "Risk Factors," (ii) our subsequent filings under the Exchange Act and (iii) the risk factors set forth in this Form 10-Q in Part II, Item 1A, and 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, as well as the effect of any relaxation of current restrictions, and the direct and indirect impact of such measures on our and our tenants' businesses, financial condition, results of operations, cash flows, liquidity, performance and demand for office space, and the U.S. and international economy and economic activity generally; the emergence and characteristics of new variants, the speed, effectiveness and distribution of vaccines (including effectiveness against COVID-19 variant strains), whether new or existing actions and measures continue to impact 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, 2020 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 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 Report on Form 10-K and 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 report.

**Overview**

BXP is one of the largest publicly traded office real estate investment trusts (REITs) (based on total market capitalization as of September 30, 2021) in the United States that develops, owns and manages primarily Class A office properties. Our properties are concentrated in six markets in the United States - Boston, Los Angeles, New York, San Francisco, Seattle and Washington, DC. BPLP is the entity through which BXP conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. We generate revenue and cash primarily by leasing Class A office space to our tenants. When making leasing decisions, we consider, among other things, the creditworthiness of the tenant and the industry in which it conducts business, the length of the lease, the rental rate to be paid at inception and throughout the lease term, the costs of tenant improvements, free rent periods and other landlord concessions, anticipated operating expenses and real estate taxes, current and anticipated vacancy in our properties and the market overall (including sublease space), current and expected future demand for the space, the impact of any expansion rights and general economic factors.

Our core strategy has always been to develop, acquire and manage high-quality properties in supply-constrained markets with high barriers-to-entry and attractive demand drivers, and to focus on executing long-term leases with financially strong tenants. Historically, these factors have minimized our exposure in weaker economic cycles and enhanced revenues as market conditions improve. Our tenant base is diverse across market sectors and the weighted-average lease term for our in-place leases, excluding residential units, was approximately 7.5 years, as of September 30, 2021, including leases signed by our unconsolidated joint ventures. The weighted-average lease term for our 20 largest office tenants was approximately 10.5 years as of September 30, 2021.

To be successful in any leasing environment, we believe we must consider all aspects of the tenant-landlord relationship. In this regard, we believe that our competitive leasing advantage is based on the following attributes:

- our understanding of tenants' short- and long-term space utilization and amenity needs in the local markets;
- our track record of developing and operating Class A office properties in a sustainable and responsible manner;
- our reputation as a premier developer, owner and manager of primarily Class A office properties;
- our financial strength and our ability to maintain high building standards; and
- our relationships with local brokers.

*Outlook*

The United States economy continues to recover from the COVID-19 pandemic, although quarter-over-quarter GDP growth slowed to an annual rate of 2.0% in the third quarter of 2021 compared to 6.7% in the second quarter of 2021. This slowdown reflects the impacts of the Delta variant and moderation in government stimulus spending. Since the end of the third quarter, however, daily COVID infection levels have decreased by more than 50% from the recent highs in September 2021. We believe the positive trend in infection rates, combined with relatively low unemployment rates, bodes well for continuing economic growth in our markets.

The overall economic recovery is having a positive impact on our leasing activity. Although additional COVID variants and supply-chain issues may emerge, we believe as the number of vaccinations increases and employees return to their offices in greater numbers, our strategically located, high-quality office properties will remain a vital component of the strategies of today's forward-thinking organizations that prioritize fostering collaboration, innovation, productivity and culture, and we expect tenants will take advantage of the availability of Class A space and upgrade.

Annual inflation increased to 5.4% in September 2021, driven largely by energy prices, which increased approximately 25% compared to one year ago. Energy is a component of our operating expenses our largest energy cost is electricity. We have limited most of our exposure to additional potential increases through 2022, and we have been increasing our procurement from green power. We remain exposed to the marginal cost of electrical generation in the Boston region where we expect increases in 2022 of greater than 10% compared to last year. Costs for security, cleaning and engineering labor continues to increase due to labor shortages across all trades. However, we are able to mitigate the risks from these increased costs to our results due to the nature of our lease contracts, which generally take one of two forms: (1) net leases, under which all of the operating expense and real estate taxes are paid by the tenant, and (2) gross leases with a base year that is set upon the lease commencement with increases in expenses over that base year added to the rental obligation of the tenant. Our near-term exposure to increases in operating expenses is primarily on our vacant space and for new or renewal leases where we are setting a base year. Our vacancy was approximately 11.6% at September 30, 2021, and our 2021 and 2022 lease expirations total approximately 7.6% of our portfolio. We do not expect an increase in operating expenses to have a material adverse effect on our results of operations for the remainder of 2021 or 2022.

*BXP Priorities*

Despite the concerns surrounding COVID-19 and the lingering impact on economic conditions in our markets, we remain optimistic for our industry generally and our company in particular, given low interest rates, the demand for workers across sectors, the high quality of our properties, the supply and demand characteristics of our markets and the success of our development efforts.

We remain focused on the following priorities:

- ensuring tenant health, safety and satisfaction;
- leasing available space in our in-service and development properties, as well as proactively focusing on future lease expirations;
- completing the construction of our development properties;
- continuing and completing the redevelopment and repositioning of several key properties to increase future revenue and asset values over the long-term;
- identifying new investment opportunities that meet our criteria while maintaining discipline in our underwriting;
- managing our near-term debt maturities and maintaining our conservative balance sheet; and
- actively managing our operations in a sustainable and responsible manner.

The following is an overview of portfolio activity, leasing activity and capital markets activity in the third quarter of 2021.

*Leasing Activity and Occupancy*

In the third quarter of 2021, we signed approximately 1.4 million square feet of new leases and renewals with a weighted-average lease term of approximately 9.2 years, indicating that many new and existing tenants continue to commit to the long-term use of space and view our properties as their preferred choice for a premium Class A office environment. The volume of leasing in the third quarter of 2021 (measured by square feet) was more than double the volume achieved in the first quarter of 2021 and approximately 90% of our pre-pandemic historical third quarter average.

The overall occupancy of our in-service office and retail properties was 88.4% at September 30, 2021, a decrease of 0.2% compared to 88.6% at June 30, 2021. We anticipate occupancy for the remainder of 2021 will be relatively flat with occupancy for the third quarter of 2021, but will begin to improve as we head into 2022, as our remaining 2021 and 2022 lease expirations are backfilled by signed leases that have not yet commenced and new leases.

Our parking and other revenue was approximately $23.5 million in the third quarter of 2021, an increase of approximately $5.2 million from the second quarter of 2021. The increase was primarily due to improved transient parking and greater insurance proceeds from a water main break at a New York property. The third quarter 2021 parking and other revenue was 92% of pre-pandemic parking and other revenue from the third quarter of 2019. We expect to return to pre-pandemic levels of parking revenue as workers increasingly return to work in their offices.

Our hotel property, the Boston Marriott Cambridge, generated approximately $1.2 million of net operating income during the third quarter of 2021. This was the first quarter since the start of the pandemic in which the hotel made a positive contribution to our results. Given the hotel's location in the heart of Cambridge, Massachusetts and adjacent to MIT, we expect hotel occupancy and REVPAR to improve to pre-pandemic levels over time as business and leisure travel return to historical levels.

*Investment Activity*

We remain committed to developing and acquiring assets to enhance our long-term growth and to meet tenant demand for high-quality office and lab space. We continually evaluate current and prospective markets for possible acquisitions of “value-add” assets that require lease-up or repositioning, and acquisitions that are otherwise consistent with our long-term strategy of owning, managing, developing and improving, premier Class A properties in each of our chosen markets.

During the third quarter of 2021, we continued to execute on our strategy and completed two acquisitions. We believe these investments align with several elements of our growth strategy, including entering new markets or submarkets that exhibit strong demand and limitations on supply, uncovering opportunities that utilize our leasing and redevelopment skills to increase value, broadening our portfolio to meet the current and anticipated future demand of tenants in the life sciences sector and employing our Strategic Capital Program ("SCP") (Refer to the heading "*Liquidity and Capital Resources"* within "*Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations*" for a description of the SCP.) to utilize private equity to increase our returns and enhance our investment capacity. These acquisitions included:

- Safeco Plaza, an approximately 765,000 net rentable square-foot Class A office building in Seattle, Washington. The property was approximately 91% leased at September 30, 2021. This acquisition marked our initial entry into the Seattle market, one of the most vibrant markets in the United States for companies in the technology, life sciences, manufacturing and financial services sectors. The acquisition was completed through a newly formed joint venture with two institutional partners that are part of our SCP.
- Shady Grove Bio+Tech Campus, consisting of seven buildings totaling approximately 435,000 square-feet in the Shady Grove area of Rockville, Maryland, a region that is home to more than 400 companies in the biotechnology and life sciences sector. We plan to convert the office buildings on the campus to lab space to meet current and growing demand in the region from biotechnology companies for new, Class A lab space.

In the third quarter of 2021, we continued the construction of the developments and redevelopment projects in our pipeline, which consists of nine properties that, when completed, we expect will total approximately 4.3 million net rentable square feet. As of September 30, 2021, our share of the estimated total cost for these projects is approximately $2.7 billion, of which approximately $1.1 billion of equity remained to be invested. The total development pipeline, inclusive of both office and lab/life sciences developments, but excluding the View Boston Observatory at The Prudential Center, is 72% pre-leased as of November 2, 2021. The office development projects in our current pipeline, which total approximately 3.3 million square feet, are approximately 87% pre-leased, as of November 2, 2021, to predominately credit-strong tenants with long-lease terms. In addition, during September and October of 2021, we completed and delivered approximately 1.5 million square feet of space to tenants from our development pipeline.

In early 2021 we added several new development and redevelopment projects to our development pipeline focused on the specific needs of tenants in the life sciences sector. Our lab/life sciences developments in our pipeline total approximately 920,000 square feet and include properties in Waltham, Massachusetts and South San Francisco, California. Although Shady Grove Bio+Tech Campus is not currently included in our development pipeline, we anticipate converting the office buildings on the campus to lab space. Our lab/life sciences developments are located in some of the largest life sciences clusters in the United States, with strong demand from tenants because of the close proximity to universities, research institutions and related businesses and concentrations of labor with specialized skills and knowledge.

Supply-chain concerns impact our business both in time to completion and increased costs. Our construction schedule is one of the criteria we use when we evaluate bids for development projects and capital improvements. We have been successful in awarding bids and maintaining schedules through the pandemic. However, there are fewer choices for materials, and we are working closely with our consultants and contractors to ensure there are not items used in the development or redevelopment process that could impact schedules. We are intentionally minimizing the amount of materials we acquire from overseas, releasing material packages as early as possible and stock-piling materials off-site. In addition, when budgeting new development projects, we are including projected cost increases of approximately 5-6%. We currently expect to deliver all active developments and redevelopments on time and budget, but we cannot assure you that we will not experience greater cost increases or that the materials we need will continue to be available so that we are able to complete the project. A failure to deliver a project on time could expose us to additional costs under the signed pre-leases for those projects.

As we continue to focus on new investments to drive future growth, we also continually review our portfolio to identify properties as potential sales candidates because they may either no longer fit within our portfolio strategy or they could attract premium pricing in the current market environment. On October 25, 2021, we completed the sale of 181,191 and 201 Spring Street, a three-building complex aggregating approximately 333,000 net rentable square feet in Lexington, Massachusetts, for an aggregate gross sales price of $191.5 million. The three buildings are 100% leased. We will continue to evaluate the sale of similar properties.

Excluding Seattle, which we entered on September 1, 2021, a brief overview of each of our markets follows.

*Boston*

The Boston region is home to the largest cluster of life sciences companies in the world, and these companies are growing and increasing demand and rents in the region. During the third quarter of 2021, we signed approximately 769,000 square feet of leases and approximately 782,000 square feet of leases commenced. Approximately 148,000 square feet of the leases that commenced had been vacant for less than one year and represent an increase in net rental obligations of approximately 17% over the prior leases.

Our Boston central business district (“CBD”) in-service portfolio was approximately 94% leased as of September 30, 2021. During the third quarter of 2021, we executed an approximately 524,000 square foot, 10-year lease extension with Wellington Management at Atlantic Wharf, approximately four years prior to the lease expiration, supporting our belief in the commitment of employers to office space and the attractiveness of our asset.

In addition, we completed and delivered 440,000 square feet of space leased to an affiliate of Verizon Communications at our 100 Causeway Street development project in Boston, Massachusetts. 100 Causeway Street is an approximately 632,000 square foot office building in which we have a 50% ownership interest.

Our approximately 2.0 million square foot in-service office portfolio in Cambridge was approximately 99% leased as of September 30, 2021. During the third quarter of 2021, we continued our development of 325 Main Street at Kendall Center in Cambridge, Massachusetts, which is 90% pre-leased to an office tenant for a term of 15 years and we expect to deliver the building into service in 2022. In early 2021, we received approximately one million square feet of new entitlements at Kendall Center for potential future development.

Waltham and the area surrounding the Route 128-Mass Turnpike interchange continue to comprise a popular submarket of Boston for leading and emerging companies in the life sciences, biotechnology and technology sectors. Since the third quarter of 2021, we signed leases for approximately 52,000 square feet at 880 Winter Street, an approximately 224,000 square foot office property in Waltham, Massachusetts that is being converted into lab space. We expect to deliver this project in early 2023. We also continued the conversion of 200 West Street in Waltham, Massachusetts into life sciences/lab space and we continued the development of 180 CityPoint, an approximately 329,000 square foot lab development in Waltham, Massachusetts, which is expected to be delivered in 2024. We own or control a significant amount of land in the Boston region that we expect will enable us to aggressively compete for and meet the demand from the emerging and growing tenants in these industries.

*Los Angeles*

Our Los Angeles (“LA”) in-service portfolio of approximately 2.3 million square feet is currently focused in West LA and includes Colorado Center, a 1.1 million square foot property of which we own 50%, and Santa Monica Business Park, a 21-building, approximately 1.2 million square foot property of which we own 55%. As of September 30, 2021, our LA in-service properties were approximately 83% leased. We expect our occupancy to increase later this year upon commencement of an approximately 140,000 square foot lease expansion that was signed in the second quarter of 2021 with a technology company at Santa Monica Business Park in Santa Monica, California.

*New York*

As of September 30, 2021, our New York CBD in-service portfolio was approximately 90% leased. During the third quarter of 2021, (1) we signed leases covering approximately 169,000 square feet, including an approximately 39,000 square foot expansion with a financial services company at 399 Park Avenue, increasing their total square footage to approximately 373,000 square feet, and (2) approximately 259,000 square feet of leases commenced. Approximately 200,000 square feet of the leases that commenced had been vacant for less than one year and represent a decrease in net rental obligations of approximately 27% over the prior leases. Excluding approximately 55,000 square feet of short term leases that commenced, the net rental obligations decreased approximately 13% over the prior leases.

In the third quarter of 2021, sublease space continued to be removed from the market and high-quality buildings experienced increased leasing activity. We are actively negotiating approximately 340,000 square feet of leases, of which approximately 200,000 square feet is at Dock 72, our joint venture property in Brooklyn, New York. In October 2021, we signed a 42,000 square foot lease at Dock 72.

*San Francisco*

The recovery in San Francisco continues to lag our other markets as fewer businesses have commenced their return to work, street-level retail remains closed or slow and the streets are quiet. As restrictions are lifted, we believe the pace of new leasing activity will begin to increase.

Our San Francisco CBD in-service properties were approximately 92% leased as of September 30, 2021. During the third quarter of 2021, we executed approximately 185,000 square feet of leases, including over 100,000 square feet at Embarcadero Center. We executed four full floor leases at Embarcadero Center at average rental rates of over $100 per square foot. In addition, we commenced approximately 91,000 square feet of leases in the San Francisco region. Of these leases, approximately 57,000 square feet had been vacant for less than one year and represent an increase in net rental obligations of approximately 9% over the prior leases.

Life sciences activity at our Gateway Commons joint venture in which we own an approximately 52% interest continues to be productive. The joint venture has signed a letter of intent to lease the entirety of 751 Gateway Commons, a 229,000 square foot project in our development pipeline.

During the third quarter of 2021, we completed two full-building leases aggregating approximately 58,000 square feet in the Mountain View submarket. We are experiencing greater tour activity, including large technology tenant requirements for existing and new products. Due to the limited supply of new, high-quality office space in this submarket, we are evaluating when to restart the first phase of our Platform 16 development project, an approximately 1.1 million aggregate square foot future development next to Diridon Station in San Jose.

*Washington, DC*

During the third quarter of 2021, we executed approximately 300,000 square feet of leases and we commenced approximately 163,000 square feet of leases in the Washington, DC region. Of these leases, approximately 96,000 square feet had been vacant for less than one year and represent a decrease in net rental obligations of approximately 22% over the prior leases.

Our Washington, DC CBD in-service properties were approximately 84% leased, as of September 30, 2021, with modest near-term rollover exposure, and we have reduced our exposure in the Washington, DC CBD market significantly over the past few years through the dispositions of assets.

Our Washington, DC suburban properties include our significant presence in Reston, Virginia, where demand from technology and cybersecurity tenants remains strong. Our Washington, DC suburban properties were approximately 86% leased as of September 30, 2021. During the third quarter of 2021, we completed approximately 70,000 square feet of office leases in Reston and are in negotiations for another 125,000 square feet.

In October, we completed and delivered approximately 285,000 square feet at Reston Next, a Class A office project with approximately 1.1 million net rentable square feet located in Reston, Virginia. This project is 85% pre-leased as of November 2, 2021. In addition, on October 29, 2021, a joint venture in which we own a 50% interest, fully placed in-service 7750 Wisconsin Avenue, a Class A office project with approximately 734,000 net rentable square feet located in Bethesda, Maryland.

*Leasing Statistics*

The table below details the leasing activity, including 100% of the unconsolidated joint ventures, that commenced during the three and nine months ended September 30, 2021:

| | Three months ended September 30, 2021 | Nine months ended September 30, 2021 |
|---|---|---|
| | (Square Feet) | |
| Vacant space available at the beginning of the period | 5,186,818 | 4,517,385 |
| Property dispositions/properties taken out of service (1) | — | (104,613) |
| Vacant space in properties acquired (2) | 143,848 | 143,848 |
| Properties placed (and partially placed) in-service (3) | 503,024 | 732,454 |
| Leases expiring or terminated during the period | 862,505 | 4,061,176 |
| Total space available for lease | 6,696,195 | 9,350,250 |
| 1st generation leases | 585,933 | 789,489 |
| 2nd generation leases with new tenants | 407,240 | 1,824,259 |
| 2nd generation lease renewals | 311,332 | 1,344,812 |
| Total space leased (4) | 1,304,505 | 3,958,560 |
| Vacant space available for lease at the end of the period | 5,391,690 | 5,391,690 |
| | | |
| Leases executed during the period, in square feet (5) | 1,431,817 | 3,262,850 |
| | | |
| **Second generation leasing information**: (6) | | |
| Leases commencing during the period, in square feet | 718,572 | 3,169,071 |
| Weighted Average Lease Term | 58 Months | 81 Months |
| Weighted Average Free Rent Period | 124 Days | 158 Days |
| Total Transaction Costs Per Square Foot (7) | $43.95 | $70.21 |
| Increase (Decrease) in Gross Rents (8) | (9.42)% | (0.03)% |
| Increase (Decrease) in Net Rents (9) | (14.23)% | (0.11)% |

(1) Total square feet of property dispositions during the nine months ended September 30, 2021 consists of 29,595 square feet due to the sale of Annapolis Junction Building Six. Total square feet of properties taken out of service during the nine months ended September 30, 2021 consists of 34,290 square feet at 880 Winter Street and 40,728 square feet at 800 Boylston Street - The Prudential Center, both due to redevelopment.

(2) Total square feet of vacant space in properties acquired during the three and nine months ended September 30, 2021 consists of 69,581 square feet at Safeco Plaza and 74,267 square feet at Shady Grove Bio+Tech Campus.

(3) Total square feet of properties placed (and partially placed) in-service during the three months ended September 30, 2021 consists of 6,709 square feet at 685 Gateway and 496,315 square feet at 100 Causeway Street. Total square feet of properties placed (and partially placed) in-service during the nine months ended September 30, 2021 consists of 195,326 square feet of office and 31,950 square feet of retail at One Five Nine East 53rd Street, 6,709 square feet at 685 Gateway and 498,469 square feet at 100 Causeway Street.

(4) Represents leases for which lease revenue recognition has commenced in accordance with GAAP during the three and nine months ended September 30, 2021.

(5) Represents leases executed during the three and nine months ended September 30, 2021 for which we either (1) commenced lease revenue recognition in such period or (2) will commence lease revenue recognition in subsequent periods, in accordance with GAAP, and includes leases at properties currently under development. The total square feet of leases executed and recognized in the three and nine months ended September 30, 2021 is 320,719 and 734,797, respectively.

(6) Second generation leases are defined as leases for space that had previously been leased by us. Of the 718,572 and 3,169,071 square feet of second generation leases that commenced during the three and nine months ended September 30, 2021, respectively, leases for 397,853 and 2,439,402 square feet, respectively, were signed in prior periods.

(7) Total transaction costs include tenant improvements and leasing commissions but exclude free rent concessions and other inducements in accordance with GAAP.

(8) Represents the decrease in gross rent (base rent plus expense reimbursements) on the new versus expired leases on the 507,899 and 2,219,080 square feet of second generation leases that had been occupied within the prior 12 months for the three and nine months ended September 30, 2021, respectively; excludes leases that management considers temporary because the tenant is not expected to occupy the space on a long-term basis.
(9) Represents the decrease in net rent (gross rent less operating expenses) on the new versus expired leases on the 507,899 and 2,219,080 square feet of second generation leases that had been occupied within the prior 12 months for the three and nine months ended September 30, 2021, respectively.

Transactions during the three months ended September 30, 2021 included the following:

*Acquisition/disposition activities*

- On August 2, 2021, we acquired Shady Grove Bio+Tech Campus in Rockville, Maryland, for a purchase price, including transaction costs, of approximately $118.5 million in cash. Shady Grove Bio+Tech Campus is an approximately 435,000 net rentable square foot, seven-building office park situated on an approximately 31-acre site. We intend to reposition three of the buildings, which are currently vacant, to support lab or life sciences uses. As a result, the three vacant buildings are not part of our in-service portfolio. We anticipate that we will redevelop or convert the remaining four buildings to lab or life sciences-related uses as each becomes vacant.

- On July 13, 2021, we entered into an agreement to sell our 181,191 and 201 Spring Street properties located in Lexington, Massachusetts for an aggregate gross sales price of $191.5 million. 181,191 and 201 Spring Street are three Class A office properties aggregating approximately 333,000 net rentable square feet and are 100% leased. The sale was completed on October 25, 2021 (See below).

*Unconsolidated joint venture activities*

- On August 31, 2021, a joint venture in which we have a 50% interest extended the construction loan collateralized by its The Hub on Causeway – Podium property. At the time of the extension, the outstanding balance of the loan totaled approximately $174.3 million, bore interest at a variable rate equal to LIBOR plus 2.25% per annum and was scheduled to mature on September 6, 2021, with two, one-year extension options, subject to certain conditions. The extended loan continues to bear interest at a variable rate equal to LIBOR plus 2.25% per annum and matures on September 6, 2023. The Hub on Causeway - Podium is a retail and office property with approximately 382,000 net rentable square feet located in Boston, Massachusetts.

- On September 1, 2021, we entered into a joint venture to acquire Safeco Plaza, a Class A office property located in Seattle, Washington, for a gross purchase price of approximately $465.0 million. Safeco Plaza is a 50-story, approximately 765,000 net rentable square-foot, Class A office property. The acquisition was completed through a newly formed joint venture with two institutional partners. Each of the institutional partners invested approximately $71.9 million of cash for its 33.165% ownership interest in the joint venture. We invested approximately $72.6 million for our 33.67% interest in the joint venture and are providing customary operating, property management and leasing services to the joint venture. Our ownership includes (1) a 33.0% direct interest in the joint venture, and (2) an additional 1% interest in each of the two entities (each, a “Safeco Partner Entity”) through which each partner owns its interest in the joint venture. Subject to the occurrence of certain events and the joint venture achieving certain return thresholds, we are entitled to earn promote distributions. Some of the promote distributions may be payable in cash or, at our election, equity interest(s) in the Safeco Partner Entity(ies). The purchase price was funded with cash and proceeds from a new mortgage loan secured by the property. The mortgage loan has a principal amount of $250.0 million, bears interest at a variable rate equal to the greater of (x) 2.35% or (y) LIBOR plus 2.20% per annum and matures on September 1, 2026.

*Debt Transaction*

- On September 29, 2021, BPLP completed a public offering of $850.0 million in aggregate principal amount of its 2.450% unsecured senior notes due 2033. The notes were priced at 99.959% of the principal amount to yield an effective rate (including financing fees) of approximately 2.524% per annum to maturity. The notes will mature on October 1, 2033, unless earlier redeemed. The aggregate net proceeds from the offering were approximately $842.5 million after deducting underwriting discounts and transaction expenses.

Transactions completed subsequent to September 30, 2021 included the following:

- On October 15, 2021, BPLP used available cash and funds under its unsecured revolving credit agreement (the “2021 Credit Facility”) to complete the redemption of $1.0 billion in aggregate principal amount of its 3.85% senior notes due February 1, 2023. The redemption price was approximately $1.05 billion, which included approximately $7.9 million of accrued and unpaid interest to, but not including, the redemption date and an early redemption premium and unamortized financing costs totaling approximately $43.9 million.

- On October 19, 2021, we partially placed in-service Reston Next, a Class A office project with approximately 1.1 million net rentable square feet located in Reston, Virginia.

- On October 25, 2021, we completed the sale of our 181,191 and 201 Spring Street properties located in Lexington, Massachusetts for an aggregate gross sales price of $191.5 million, as described above under “- Acquisition/disposition activities”.

- On October 29, 2021, a joint venture in which we have a 50% interest fully placed in-service 7750 Wisconsin Avenue, a Class A office project with approximately 734,000 net rentable square feet located in Bethesda, Maryland.

**Critical Accounting Policies**

Management’s Discussion and Analysis of Financial Condition and Results of Operations discuss our Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles (“GAAP”). The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Certain accounting policies are considered to be critical accounting policies, as they require management to make assumptions about matters that are highly uncertain at the time the estimate is made and changes in accounting estimate are reasonably likely to occur from period to period. Management bases its estimates and assumptions on historical experience and current economic conditions. On an on-going basis, management evaluates its estimates and assumptions including those related to revenue, impairment of long-lived assets and the allowance for doubtful accounts. Actual results may differ from those estimates and assumptions.

Our Annual Report on Form 10-K for the year ended December 31, 2020 contains a discussion of our critical accounting policies. Management discusses and reviews our critical accounting policies and management’s judgments and estimates with BXP’s Audit Committee.

**Results of Operations for the Nine Months Ended September 30, 2021 and 2020**

Net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders decreased approximately $542.9 million and $616.3 million for the nine months ended September 30, 2021 compared to 2020, respectively, as set forth in the following tables and for the reasons discussed below under the heading “*Comparison of the nine months ended September 30, 2021 to the nine months ended September 30, 2020”* within “*Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations*.”

The following are reconciliations of Net Income Attributable to Boston Properties, Inc. Common Shareholders to Net Operating Income and Net Income Attributable to Boston Properties Limited Partnership Common Unitholders to Net Operating Income for the nine months ended September 30, 2021 and 2020 (in thousands):

***Boston Properties, Inc.***

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | 2021 | 2020 | Increase/ (Decrease) | % Change |
| Net Income Attributable to Boston Properties, Inc. Common Shareholders | $ 311,680 | $ 854,541 | $ (542,861) | (63.53)% |
| Preferred stock redemption charge | 6,412 | — | 6,412 | 100.00 % |
| Preferred dividends | 2,560 | 7,875 | (5,315) | (67.49)% |
| Net Income Attributable to Boston Properties, Inc. | 320,652 | 862,416 | (541,764) | (62.82)% |
| Net Income Attributable to Noncontrolling Interests: | | | | |
| Noncontrolling interest—common units of the Operating Partnership | 35,393 | 97,090 | (61,697) | (63.55)% |
| Noncontrolling interests in property partnerships | 52,602 | 34,280 | 18,322 | 53.45 % |
| Net Income | 408,647 | 993,786 | (585,139) | (58.88)% |
| Other Expenses: | | | | |
| Add: | | | | |
| Interest expense | 320,015 | 319,726 | 289 | 0.09 % |
| Losses from early extinguishment of debt | 898 | — | 898 | 100.00 % |
| Loss from unconsolidated joint ventures | 1,745 | 5,410 | (3,665) | (67.74)% |
| Other Income: | | | | |
| Less: | | | | |
| Gains from investments in securities | 3,744 | 965 | 2,779 | 287.98 % |
| Interest and other income (loss) | 4,140 | 4,277 | (137) | (3.20)% |
| Gains on sales of real estate | 8,104 | 613,723 | (605,619) | (98.68)% |
| Other Expenses: | | | | |
| Add: | | | | |
| Depreciation and amortization expense | 539,815 | 515,738 | 24,077 | 4.67 % |
| Transaction costs | 2,970 | 1,254 | 1,716 | 136.84 % |
| Payroll and related costs from management services contracts | 9,166 | 8,617 | 549 | 6.37 % |
| General and administrative expense | 117,924 | 102,059 | 15,865 | 15.54 % |
| Other Revenue: | | | | |
| Less: | | | | |
| Direct reimbursements of payroll and related costs from management services contracts | 9,166 | 8,617 | 549 | 6.37 % |
| Development and management services revenue | 20,181 | 23,285 | (3,104) | (13.33)% |
| Net Operating Income | $ 1,355,845 | $ 1,295,723 | $ 60,122 | 4.64 % |

***Boston Properties Limited Partnership***

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | **2021** | **2020** | **Increase/ (Decrease)** | **% Change** |
| Net Income Attributable to Boston Properties Limited Partnership Common Unitholders | $ 353,633 | $ 969,932 | $ (616,299) | (63.54)% |
| Preferred unit redemption charge | 6,412 | — | 6,412 | 100.00 % |
| Preferred distributions | 2,560 | 7,875 | (5,315) | (67.49)% |
| Net Income Attributable to Boston Properties Limited Partnership | 362,605 | 977,807 | (615,202) | (62.92)% |
| Net Income Attributable to Noncontrolling Interests: | | | | |
| Noncontrolling interests in property partnerships | 52,602 | 34,280 | 18,322 | 53.45 % |
| Net Income | 415,207 | 1,012,087 | (596,880) | (58.98)% |
| Other Expenses: | | | | |
| Add: | | | | |
| Interest expense | 320,015 | 319,726 | 289 | 0.09 % |
| Losses from early extinguishment of debt | 898 | — | 898 | 100.00 % |
| Loss from unconsolidated joint ventures | 1,745 | 5,410 | (3,665) | (67.74)% |
| Other Income: | | | | |
| Less: | | | | |
| Gains from investments in securities | 3,744 | 965 | 2,779 | 287.98 % |
| Interest and other income (loss) | 4,140 | 4,277 | (137) | (3.20)% |
| Gains on sales of real estate | 8,104 | 626,686 | (618,582) | (98.71)% |
| Other Expenses: | | | | |
| Add: | | | | |
| Depreciation and amortization expense | 533,255 | 510,400 | 22,855 | 4.48 % |
| Transaction costs | 2,970 | 1,254 | 1,716 | 136.84 % |
| Payroll and related costs from management services contracts | 9,166 | 8,617 | 549 | 6.37 % |
| General and administrative expense | 117,924 | 102,059 | 15,865 | 15.54 % |
| Other Revenue: | | | | |
| Less: | | | | |
| Direct reimbursements of payroll and related costs from management services contracts | 9,166 | 8,617 | 549 | 6.37 % |
| Development and management services revenue | 20,181 | 23,285 | (3,104) | (13.33)% |
| Net Operating Income | $ 1,355,845 | $ 1,295,723 | $ 60,122 | 4.64 % |

At September 30, 2021 and 2020, we owned or had joint venture interests in a portfolio of 202 and 196 commercial real estate properties, respectively (in each case, the “Total Property Portfolio”). As a result of changes within our Total Property Portfolio, the financial data presented below shows significant changes in revenue and expenses from period-to-period. Accordingly, we do not believe that our period-to-period financial data with respect to the Total Property Portfolio provides a complete understanding of our operating results. Therefore, the comparison of operating results for the three and nine months ended September 30, 2021 and 2020 show separately the changes attributable to the properties that were owned by us and in-service throughout each period compared (the “Same Property Portfolio”) and the changes attributable to the properties included in the Acquired, Placed In-Service, Development or Redevelopment or Sold Portfolios.

In our analysis of operating results, particularly to make comparisons of net operating income between periods more meaningful, it is important to provide information for properties that were in-service and owned by us throughout each period presented. We refer to properties acquired or placed in-service prior to the beginning of the earliest period presented and owned by us and in-service through the end of the latest period presented as our Same Property Portfolio. The Same Property Portfolio therefore excludes properties acquired, placed in-service or in development or redevelopment after the beginning of the earliest period presented or disposed of prior to the end of the latest period presented.

Net operating income ("NOI") is a non-GAAP financial measure equal to net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders, as applicable, the most directly comparable GAAP financial measures, plus (1) preferred stock/unit redemption charge, preferred dividends/distributions, net income attributable to noncontrolling interests, interest expense, losses from early extinguishment of debt, loss from unconsolidated joint ventures, depreciation and amortization expense, transaction costs, payroll and related costs from management services contracts and corporate general and administrative expense less (2) gains (losses) from investments in securities, interest and other income (loss), gains (losses) on sales of real estate, direct reimbursements of payroll and related costs from management services contracts and development and management services revenue. We use NOI internally as a performance measure and believe it provides useful information to investors regarding our results of operations and financial condition because, when compared across periods, it reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and development activity on an unleveraged basis, providing perspective not immediately apparent from net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders. 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. NOI presented by us may not be comparable to NOI reported by other REITs or real estate companies that define NOI differently.

We believe that, in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders as presented in our Consolidated Financial Statements. NOI should not be considered as a substitute for net income attributable to Boston Properties, Inc. common shareholders or net income attributable to Boston Properties Limited Partnership common unitholders (determined in accordance with GAAP) or any other GAAP financial measures and should only be considered together with and as a supplement to our financial information prepared in accordance with GAAP.

The gains on sales of real estate, depreciation expense and impairment losses may differ between BXP and BPLP as a result of previously applied acquisition accounting by BXP for the issuance of common stock in connection with non-sponsor OP Unit redemptions by BPLP. This accounting resulted in a step-up of the real estate assets at BXP that was allocated to certain properties. The difference between the real estate assets of BXP as compared to BPLP for certain properties having an allocation of the real estate step-up will result in a corresponding difference in gains on sales of real estate, depreciation expense and impairment losses, when those properties are sold. For additional information see the Explanatory Note that follows the cover page of this Quarterly Report on Form 10-Q.

***Comparison of the nine months ended September 30, 2021 to the nine months ended September 30, 2020***

The table below shows selected operating information for the Same Property Portfolio and the Total Property Portfolio. The Same Property Portfolio consists of 140 properties totaling approximately 39.0 million net rentable square feet, excluding unconsolidated joint ventures. The Same Property Portfolio includes properties acquired or placed in-service on or prior to January 1, 2020 and owned and in service through September 30, 2021. The Total Property Portfolio includes the effects of the other properties either acquired, placed in-service, in development or redevelopment after January 1, 2020 or disposed of on or prior to September 30, 2021. This table includes a reconciliation from the Same Property Portfolio to the Total Property Portfolio by also providing information for the nine months ended September 30, 2021 and 2020 with respect to the properties that were acquired, placed in-service, in development or redevelopment or sold.

| | Same Property Portfolio | | | | Properties Acquired Portfolio | | Properties Placed In-Service Portfolio | | Properties in Development or Redevelopment Portfolio | | Properties Sold Portfolio | | Total Property Portfolio | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | Increase/ (Decrease) | % Change | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | Increase/ (Decrease) | % Change |
| | (dollars in thousands) | | | | | | | | | | | | | | | |
| Rental Revenue: (1) | | | | | | | | | | | | | | | | |
| Lease Revenue (Excluding Termination Income) | $1,969,391 | $1,917,628 | $ 51,763 | 2.70 % | $4,617 | $ 297 | $31,200 | $13,115 | $8,928 | $14,771 | $7,258 | $24,067 | $2,021,394 | $1,969,878 | $ 51,516 | 2.62 % |
| Termination Income | 11,499 | 8,363 | 3,136 | 37.50 % | — | — | — | — | — | — | — | 59 | 11,499 | 8,422 | 3,077 | 36.54 % |
| Lease Revenue | 1,980,890 | 1,925,991 | 54,899 | 2.85 % | 4,617 | 297 | 31,200 | 13,115 | 8,928 | 14,771 | 7,258 | 24,126 | 2,032,893 | 1,978,300 | 54,593 | 2.76 % |
| Parking and Other | 56,398 | 53,136 | 3,262 | 6.14 % | 488 | 3 | 14 | 16 | 201 | — | 1,003 | 1,150 | 58,104 | 54,305 | 3,799 | 7.00 % |
| Total Rental Revenue (1) | 2,037,288 | 1,979,127 | 58,161 | 2.94 % | 5,105 | 300 | 31,214 | 13,131 | 9,129 | 14,771 | 8,261 | 25,276 | 2,090,997 | 2,032,605 | 58,392 | 2.87 % |
| Real Estate Operating Expenses | 728,119 | 726,296 | 1,823 | 0.25 % | 2,294 | 443 | 8,586 | 5,778 | 4,414 | 6,224 | 2,860 | 9,289 | 746,273 | 748,030 | (1,757) | (0.23)% |
| Net Operating Income (Loss), Excluding Residential and Hotel | 1,309,169 | 1,252,831 | 56,338 | 4.50 % | 2,811 | (143) | 22,628 | 7,353 | 4,715 | 8,547 | 5,401 | 15,987 | 1,344,724 | 1,284,575 | 60,149 | 4.68 % |
| Residential Net Operating Income (Loss) (2) | 14,833 | 16,809 | (1,976) | (11.76)% | — | — | (3,101) | (717) | — | — | — | — | 11,732 | 16,092 | (4,360) | (27.09)% |
| Hotel Net Operating Loss (2) | (611) | (4,944) | 4,333 | 87.64 % | — | — | — | — | — | — | — | — | (611) | (4,944) | 4,333 | 87.64 % |
| Net Operating Income (Loss) | $1,323,391 | $1,264,696 | $ 58,695 | 4.64 % | $2,811 | $(143) | $19,527 | $ 6,636 | $4,715 | $ 8,547 | $5,401 | $15,987 | $1,355,845 | $1,295,723 | $ 60,122 | 4.64 % |

(1) Rental Revenue is equal to Revenue less Development and Management Services Revenue and Direct Reimbursements of Payroll and Related Costs from Management Services Revenue per the Consolidated Statements of Operations, excluding the residential and hotel revenue that is noted below. We use 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.

(2) For a detailed discussion of NOI, including the reasons management believes NOI is useful to investors, see page 59. Residential Net Operating Income for the nine months ended September 30, 2021 and 2020 is comprised of Residential Revenue of $29,832 and $29,076 less Residential Expenses of $18,100 and $12,984, respectively. Hotel Net Operating Loss for the nine months ended September 30, 2021 and 2020 is comprised of Hotel Revenue of $7,382 and $7,014 less Hotel Expenses of $7,993 and $11,958, respectively, per the Consolidated Statements of Operations.

***Same Property Portfolio***

***Lease Revenue (Excluding Termination Income)***

Lease revenue (excluding termination income) from the Same Property Portfolio increased by approximately $51.8 million for the nine months ended September 30, 2021 compared to 2020. Approximately $59.6 million of the increase was related to write-offs of accrued rent and accounts receivable balances that occurred during the nine months ended September 30, 2020 and did not recur in 2021, for primarily retail tenants that either terminated their leases or we determined that the accrued rent and/or accounts receivable balances were no longer probable of collection. Excluding the write-offs, the Same Property Portfolio decreased by approximately $7.8 million due to average occupancy decreasing from 93.4% to 91.7%, resulting in a decrease of approximately $62.9 million, partially offset by an increase in average revenue per square foot by approximately $1.08, contributing approximately $55.1 million.

We continue to evaluate the collectability of our accrued rent and accounts receivable balances related to lease revenue. If after a write-off has been recorded, (1) we subsequently determine that we are probable we will collect substantially all the remaining lessee's lease payments under the lease term and (2) the lease has not been modified since the write-off, we will then reinstate the accrued rent and accounts receivable write-offs, adjusting for the amount related to the period when the lease payments were considered not probable of collection. If our estimate of collectability differs from the cash received, then the timing and amount of our reported revenue could be impacted.

Each quarter since the second quarter of 2020, the number of executed COVID-19 lease modifications has decreased and as of the third quarter of 2021, we are executing COVID-19 modifications on a limited basis.

***Termination Income***

Termination income increased by approximately $3.1 million for the nine months ended September 30, 2021 compared to 2020.

Termination income for the nine months ended September 30, 2021 related to 23 tenants across the Same Property Portfolio and totaled approximately $11.5 million, which was primarily related to tenants that terminated leases early in New York City and the Boston region.

Termination income for the nine months ended September 30, 2020 related to 34 tenants across the Same Property Portfolio and totaled approximately $8.4 million, which was primarily related to tenants that terminated leases early in New York City.

***Parking and Other Revenue***

Parking and other revenue increased by approximately $3.3 million for the nine months ended September 30, 2021 compared to 2020. Parking revenue and other revenue increased by approximately $0.8 million and $2.5 million, respectively. The increase in parking revenue was primarily due to an increase in transient parking. The increase in other revenue was primarily due to approximately $5.1 million in insurance proceeds related to damage at one of our properties in the New York region due to a water main break, partially offset by a decrease in other revenue of approximately $2.6 million related to tenant restoration obligation payments in 2020 that did not recur in 2021. Expenses of $5.1 million related to the insurance claim are included within real estate operating expenses.

We expect to see an increase in parking revenue as the return to office work grows. For the nine months ended September 30, 2021, monthly parking decreased by approximately $4.3 million, offset by an increase in transient parking of approximately $5.6 million, compared to the nine months ended September 30, 2020. Some of our monthly parking revenues are contractual agreements embedded in our leases, and some are at will individual agreements.

***Real Estate Operating Expenses***

Real estate operating expenses from the Same Property Portfolio increased by approximately $1.8 million, or 0.3%, for the nine months ended September 30, 2021 compared to 2020, due primarily to an increase in utility expense and expenses related to the insurance claim mentioned above, partially offset by a decrease in real estate taxes and cleaning expenses. The increase in utility expense was experienced across the portfolio and was primarily driven by an increase in physical tenant occupancy, which led to higher demand for electricity and HVAC.

## ***Properties Acquired Portfolio***

The table below lists the properties acquired between January 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses increased by approximately $4.8 million and $1.9 million, respectively, for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|
| Name | Date acquired | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | (dollars in thousands) | | | | | |
| 777 Harrison Street (1) | June 26, 2020 | N/A | $ 1,509 | $ 300 | $ 1,209 | $ 1,641 | $ 443 | $ 1,198 |
| 153 & 211 Second Avenue | June 2, 2021 | 136,882 | 3,101 | — | 3,101 | 319 | — | 319 |
| Shady Grove Bio+Tech Campus | August 2, 2021 | 233,452 | 495 | — | 495 | 334 | — | 334 |
| | | 370,334 | $ 5,105 | $ 300 | $ 4,805 | $ 2,294 | $ 443 | $ 1,851 |

(1) Formerly known as Fourth + Harrison and 425 Fourth Street and includes operating results for 759 Harrison Street, which was fully acquired on December 16, 2020.

## ***Properties Placed In-Service Portfolio***

The table below lists the properties that were placed in-service or partially placed in-service between January 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses from our Properties Placed In-Service Portfolio increased by approximately $19.9 million and $7.0 million, respectively, for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| | | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Quarter Initially Placed In-Service | Quarter Fully Placed In-Service | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | | (dollars in thousands) | | | | | |
| Office | | | | | | | | | |
| 20 CityPoint | Second Quarter, 2019 | Second Quarter, 2020 | 211,476 | $ 5,781 | $ 5,485 | $ 296 | $ 2,248 | $ 2,053 | $ 195 |
| 17Fifty Presidents Street | First Quarter, 2020 | First Quarter, 2020 | 275,809 | 14,833 | 8,878 | 5,955 | 4,292 | 2,576 | 1,716 |
| One Five Nine East 53rd Street (1) | First Quarter, 2021 | First Quarter, 2021 | 220,000 | 10,600 | (1,232) | 11,832 | 2,046 | 1,149 | 897 |
| Total Office | | | 707,285 | 31,214 | 13,131 | 18,083 | 8,586 | 5,778 | 2,808 |
| | | | | | | | | | |
| Residential | | | | | | | | | |
| The Skylyne | Third Quarter, 2020 | Third Quarter, 2020 | 330,996 | 1,817 | 23 | 1,794 | 4,918 | 740 | 4,178 |
| Total Residential | | | 330,996 | 1,817 | 23 | 1,794 | 4,918 | 740 | 4,178 |
| | | | 1,038,281 | $ 33,031 | $ 13,154 | $ 19,877 | $ 13,504 | $ 6,518 | $ 6,986 |

(1) This is the low-rise portion of 601 Lexington Avenue, which was in development for the nine months ended September 30, 2020. Rental revenue for the nine months ended September 30, 2020 includes an approximately $2.9 million write-off of accrued rent and accounts receivable balances for a terminated tenant.

***Properties in Development or Redevelopment Portfolio***

The table below lists the properties that were in development or redevelopment between January 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses from our Properties in Development or Redevelopment Portfolio decreased by approximately $5.6 million and $1.8 million, respectively, for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|
| Name | Date Commenced Development / Redevelopment | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | (dollars in thousands) | | | | | |
| 325 Main Street (1) | May 9, 2019 | 115,000 | $ — | $ 36 | $ (36) | $ 278 | $ 281 | $ (3) |
| 200 West Street (2) | September 30, 2019 | 261,000 | 4,900 | 3,826 | 1,074 | 2,168 | 2,565 | (397) |
| 880 Winter Street (3) | February 25, 2021 | 224,000 | 2,476 | 6,290 | (3,814) | 1,509 | 2,338 | (829) |
| 3625-3635 Peterson Way (4) | April 16, 2021 | 218,000 | 1,753 | 4,619 | (2,866) | 459 | 1,040 | (581) |
| | | 818,000 | $ 9,129 | $ 14,771 | $ (5,642) | $ 4,414 | $ 6,224 | $ (1,810) |

(1) Real estate operating expenses for the nine months ended September 30, 2021 and 2020 were related to demolition costs.
(2) Conversion of a 126,000 square foot portion of the property to life sciences space from office space.
(3) On February 25, 2021, we commenced the redevelopment and conversion of 880 Winter Street, a 224,000 square foot office property located in Waltham, Massachusetts, to laboratory space.
(4) On April 16, 2021, we removed 3625-3635 Peterson Way, located in Santa Clara, California, from our in-service portfolio. We are demolishing the building and expect to redevelop the site at a future date.

***Properties Sold Portfolio***

The table below lists the properties we sold between January 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses from our Properties Sold Portfolio decreased by approximately $17.0 million and $6.4 million, respectively, for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| | | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Date Sold | Property Type | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | | (dollars in thousands) | | | | | |
| 601, 611 and 651 Gateway | January 28, 2020 | Office | 768,000 | $ — | $ 1,946 | $ (1,946) | $ — | $ 881 | $ (881) |
| New Dominion Technology Park | February 20, 2020 | Office | 493,000 | — | 2,551 | (2,551) | — | 772 | (772) |
| Capital Gallery (1) | June 25, 2020 | Office | 631,000 | 8,261 | 20,779 | (12,518) | 2,860 | 7,636 | (4,776) |
| | | | 1,892,000 | $ 8,261 | $ 25,276 | $ (17,015) | $ 2,860 | $ 9,289 | $ (6,429) |

(1) We completed the sale of a portion of our Capital Gallery property located in Washington, DC. Capital Gallery is an approximately 631,000 net rentable square foot Class A office property. The portion sold was comprised of approximately 455,000 net rentable square feet of commercial office space. We continue to own the land, underground parking garage and remaining commercial office and retail space. The amounts shown represent the entire property and not just the portion sold.

For additional information on the sales of the above properties refer to *"Results of Operations—Other Income and Expense Items—Gains on Sales of Real Estate"* within *"Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations."*

***Residential Net Operating Income***

Net operating income for our residential same properties decreased by approximately $2.0 million for the nine months ended September 30, 2021 compared to 2020. Net operating income for the nine months ended September 30, 2020 includes approximately $0.7 million of termination income from a retail tenant.

The following reflects our occupancy and rate information for The Lofts at Atlantic Wharf, The Avant at Reston Town Center, Signature at Reston and Proto Kendall Square for the nine months ended September 30, 2021 and 2020.

| | The Lofts at Atlantic Wharf | | | The Avant at Reston Town Center | | | Signature at Reston | | | Proto Kendall Square | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | Change (%) | 2021 | 2020 | Change (%) | 2021 | 2020 | Change (%) | 2021 | 2020 | Change (%) |
| Average Monthly Rental Rate (1) | $ 3,459 | $ 4,424 | (21.8)% | $ 2,255 | $ 2,381 | (5.3)% | $ 2,279 | $ 2,327 | (2.1)% | $ 2,577 | $ 2,865 | (10.1)% |
| Average Rental Rate Per Occupied Square Foot | $ 3.89 | $ 4.89 | (20.4)% | $ 2.46 | $ 2.61 | (5.7)% | $ 2.36 | $ 2.46 | (4.1)% | $ 4.73 | $ 5.26 | (10.1)% |
| Average Physical Occupancy (2) | 93.4 % | 89.0 % | 4.9 % | 94.2 % | 90.2 % | 4.4 % | 86.8 % | 82.0 % | 5.9 % | 92.2 % | 91.2 % | 1.1 % |
| Average Economic Occupancy (3) | 91.0 % | 88.9 % | 2.4 % | 93.6 % | 89.2 % | 4.9 % | 83.6 % | 77.3 % | 8.2 % | 91.0 % | 90.0 % | 1.1 % |

_______________

(1) Average Monthly Rental Rate is calculated as the average of the quotients obtained by dividing (A) rental revenue as determined in accordance with GAAP, by (B) the number of occupied units for each month within the applicable fiscal period.
(2) Average Physical Occupancy is defined as (1) the average number of occupied units divided by (2) the total number of units, expressed as a percentage.
(3) Average Economic Occupancy is defined as (1) total possible revenue less vacancy loss divided by (2) total possible revenue, expressed as a percentage. Total possible revenue is determined by valuing average occupied units at contract rates and average vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant units at their Market Rents, Average Economic Occupancy takes into account the fact that units of different sizes and locations within a residential property have different economic impacts on a residential property's total possible gross revenue. Market Rents used by us in calculating Economic Occupancy are based on the current market rates set by the managers of our residential properties based on their experience in renting their residential property's units and publicly available market data. Actual market rents and trends in such rents for a region as reported by others may vary materially from Market Rents used by us. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

***Hotel Net Operating Loss***

The Boston Marriott Cambridge hotel property operated at a loss of approximately $0.6 million for the nine months ended September 30, 2021. This is approximately $4.3 million less than the nine months ended September 30, 2020.

The Boston Marriott Cambridge closed in March 2020 due to COVID-19. The hotel re-opened on October 2, 2020 and has operated at lower occupancy levels due to the continued impact of COVID-19 on business and leisure travel. The closing of the hotel for more than two fiscal quarters, and the lower demand and low occupancy since its re-opening, have had, and are expected to continue to have, a material adverse effect on the hotel's operations. We expect hotel occupancy to remain low until the demand for business and leisure travel returns to historical levels.

The following reflects our occupancy and rate information for the Boston Marriott Cambridge hotel for the nine months ended September 30, 2021 and 2020.

| | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Occupancy | 27.8 % | 19.8 % | 40.4 % |
| Average daily rate | $ 192.67 | $ 211.36 | (8.8)% |
| REVPAR | $ 53.59 | $ 41.85 | 28.1 % |

***Other Operating Revenue and Expense Items***

***Development and Management Services Revenue***

Development and management services revenue decreased by approximately $3.1 million for the nine months ended September 30, 2021 compared to 2020. Development services revenue decreased by approximately $3.8 million while management services revenue increased by approximately $0.7 million. The decrease in development services revenue was primarily related to a decrease in development fees earned from a building owned by a third-party in the Washington, DC region and an unconsolidated joint venture in New York City and fees associated with tenant improvement projects earned from a third-party owned building in the Washington, DC region. The increase in management services revenue was primarily related to an increase in leasing commissions earned from a third-party owned building in the Washington, DC region.

***General and Administrative Expense***

General and administrative expense increased by approximately $15.9 million for the nine months ended September 30, 2021 compared to 2020 primarily due to an increase in compensation and health care expenses of approximately $17.5 million, partially offset by an approximately $1.6 million decrease in other general and administrative expenses. The increase in compensation expense was related to (1) an approximately $2.7 million increase in the value of our deferred compensation plan, (2) an approximately $13.4 million increase in other compensation expenses, primarily due to age-based vesting and (3) an approximately $1.4 million increase in health care costs. The decrease in other general and administrative expenses was primarily related to a decrease in professional fees.

Wages directly related to the development of rental properties are capitalized and included in real estate assets on our Consolidated Balance Sheets and amortized over the useful lives of the applicable asset or lease term. Capitalized wages for the nine months ended September 30, 2021 and 2020 were approximately $10.1 million and $9.6 million, respectively. These costs are not included in the general and administrative expenses discussed above.

***Transaction Costs***

Transaction costs increased by approximately $1.7 million for the nine months ended September 30, 2021 compared to 2020 due primarily to costs incurred in connection with the pursuit and formation of new joint ventures. In general, transaction costs relating to the formation of new and pending joint ventures and the pursuit of other transactions are expensed as incurred.

***Depreciation and Amortization Expense***

Depreciation expense may differ between BXP and BPLP as a result of previously applied acquisition accounting by BXP for the issuance of common stock in connection with non-sponsor OP Unit redemptions by BPLP. This accounting resulted in a step-up of the real estate assets at BXP that was allocated to certain properties. The difference between the real estate assets of BXP as compared to BPLP for certain properties having an allocation of the real estate step-up will result in a corresponding difference in depreciation expense. For additional information see the Explanatory Note that follows the cover page of this Quarterly Report on Form 10-Q.

***Boston Properties, Inc.***

Depreciation and amortization expense increased by approximately $24.1 million for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| | Depreciation and Amortization for the nine months ended September 30, | | |
|---|---|---|---|
| **Portfolio** | **2021** | **2020** | **Change** |
| | | **(in thousands)** | |
| Same Property Portfolio (1) | $ 498,208 | $ 498,585 | $ (377) |
| Properties Acquired Portfolio | 4,742 | — | 4,742 |
| Properties Placed In-Service Portfolio | 14,936 | 5,144 | 9,792 |
| Properties in Development or Redevelopment Portfolio (2) | 20,855 | 8,397 | 12,458 |
| Properties Sold Portfolio | 1,074 | 3,612 | (2,538) |
| | $ 539,815 | $ 515,738 | $ 24,077 |

(1) During the nine months ended September 30, 2021, we commenced redevelopment of View Boston Observatory at The Prudential Center, a 59,000 net rentable square foot redevelopment of the top three floors of 800 Boylston Street - The Prudential Center, located in Boston, Massachusetts. As a result, during the nine months ended September 30, 2021, we recorded approximately $2.6 million of accelerated depreciation expense for the demolition of the space, of which approximately $0.8 million related to the step-up of real estate assets.

(2) On February 25, 2021, we commenced redevelopment of 880 Winter Street in Waltham, Massachusetts. As a result, during the nine months ended September 30, 2021, we recorded approximately $13.7 million of accelerated depreciation expense for the demolition of a portion of the building.

***Boston Properties Limited Partnership***

Depreciation and amortization expense increased by approximately $22.9 million for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| | Depreciation and Amortization for the nine months ended September 30, | | |
|---|---|---|---|
| **Portfolio** | **2021** | **2020** | **Change** |
| | | **(in thousands)** | |
| Same Property Portfolio (1) | $ 491,648 | $ 493,247 | $ (1,599) |
| Properties Acquired Portfolio | 4,742 | — | 4,742 |
| Properties Placed In-Service Portfolio | 14,936 | 5,144 | 9,792 |
| Properties in Development or Redevelopment Portfolio (2) | 20,855 | 8,397 | 12,458 |
| Properties Sold Portfolio | 1,074 | 3,612 | (2,538) |
| | $ 533,255 | $ 510,400 | $ 22,855 |

(1) During the nine months ended September 30, 2021, we commenced redevelopment of View Boston Observatory at The Prudential Center, a 59,000 net rentable square foot redevelopment of the top three floors of 800 Boylston Street - The Prudential Center, located in Boston, Massachusetts. As a result, during the nine months ended September 30, 2021, we recorded approximately $1.8 million of accelerated depreciation expense for the demolition of the space.

(2) On February 25, 2021, we commenced redevelopment of 880 Winter Street in Waltham, Massachusetts. As a result, during the nine months ended September 30, 2021, we recorded approximately $13.7 million of accelerated depreciation expense for the demolition of a portion of the building.

***Direct Reimbursements of Payroll and Related Costs From Management Services Contracts and Payroll and Related Costs From Management Service Contracts***

We have determined that amounts reimbursed for payroll and related costs received from third parties in connection with management services contracts should be reflected on a gross basis instead of on a net basis as we have determined that we are the principal under these arrangements. We anticipate that these two financial statement line items will generally offset each other.

***Other Income and Expense Items***

***Loss from Unconsolidated Joint Ventures***

For the nine months ended September 30, 2021 compared to 2020, loss from unconsolidated joint ventures decreased by approximately $3.7 million primarily due to an approximately $10.3 million gain on sale of investment from the sale of our Annapolis Junction joint venture interest during the nine months ended September 30, 2021 (See Note 5 to the Consolidated Financial Statements). This increase was partially offset by (1) an approximately $5.8 million gain on sale of real estate from the sale of Annapolis Junction Building Eight and two undeveloped land parcels during the nine months ended September 30, 2020 and (2) an approximately $1.1 million decrease in net income from our Metropolitan Square joint venture, primarily related to increased interest expense related to the mortgage refinancing.

***Gains on Sales of Real Estate***

Gains on sales of real estate may differ between BXP and BPLP as a result of previously applied acquisition accounting by BXP for the issuance of common stock in connection with non-sponsor OP Unit redemptions by BPLP. This accounting resulted in a step-up of the real estate assets at BXP that was allocated to certain properties. The difference between the real estate assets of BXP as compared to BPLP for certain properties having an allocation of the real estate step-up will result in a corresponding difference in the gains on sales of real estate when those properties are sold. For additional information, see the Explanatory Note that follows the cover page of this Quarterly Report on Form 10-Q.

***Boston Properties, Inc.***

Gains on sales of real estate decreased by approximately $605.6 million for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| Name | Date Sold | Property Type | Square Feet | Sale Price | Net Cash Proceeds | Gain (Loss) on Sale of Real Estate |
|---|---|---|---|---|---|---|
| | | | | | (dollars in millions) | |
| **2021** | | | | | | |
| 6595 Springfield Center Drive | December 13, 2018 | Office | 634,000 | N/A | N/A | $ 8.1 (1) |
| | | | | N/A | N/A | $ 8.1 |
| **2020** | | | | | | |
| 601, 611 and 651 Gateway | January 28, 2020 | Office | 768,000 | $ 350.0 | $ — | $ 217.7 |
| New Dominion Technology Park | February 20, 2020 | Office | 493,000 | 256.0 | 254.0 | 192.3 |
| Capital Gallery | June 25, 2020 | Office | 455,000 | 253.7 | 246.6 | 203.6 |
| | | | | $ 859.7 | $ 500.6 | $ 613.6 (2) |

(1) On December 13, 2018, we sold our 6595 Springfield Center Drive development project located in Springfield, Virginia. Concurrently with the sale, we agreed to act as development manager and guaranteed the completion of the project (See Note 9 to the Consolidated Financial Statements). The development project achieved final completion during the third quarter of 2021 and, upon completion of the project, the total cost of development was determined to be below the estimated total investment at the time of sale. As a result, we recognized a gain of approximately $8.1 million.

(2) Excludes approximately $0.1 million of gains on sales of real estate recognized during the nine months ended September 30, 2020 related to gain amounts from sales of real estate occurring in the prior year.

***Boston Properties Limited Partnership***

Gains on sales of real estate decreased by approximately $618.6 million for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| Name | Date Sold | Property Type | Square Feet | Sale Price | Net Cash Proceeds | Gain (Loss) on Sale of Real Estate |
|---|---|---|---|---|---|---|
| | | | | | (dollars in millions) | |
| **2021** | | | | | | |
| 6595 Springfield Center Drive | December 13, 2018 | Office | 634,000 | N/A | N/A | $ 8.1 (1) |
| | | | | N/A | N/A | $ 8.1 |
| **2020** | | | | | | |
| 601, 611 and 651 Gateway | January 28, 2020 | Office | 768,000 | $ 350.0 | $ — | $ 222.4 |
| New Dominion Technology Park | February 20, 2020 | Office | 493,000 | 256.0 | 254.0 | 197.1 |
| Capital Gallery | June 25, 2020 | Office | 455,000 | 253.7 | 246.6 | 207 |
| | | | | $ 859.7 | $ 500.6 | $ 626.5 (2) |

(1) On December 13, 2018, we sold our 6595 Springfield Center Drive development project located in Springfield, Virginia. Concurrently with the sale, we agreed to act as development manager and guaranteed the completion of the project (See Note 9 to the Consolidated Financial Statements). The development project achieved final completion during the third quarter of 2021 and, upon completion of the project, the total cost of development was determined to be below the estimated total investment at the time of sale. As a result, we recognized a gain of approximately $8.1 million.

(2) Excludes approximately $0.2 million of gains on sales of real estate recognized during the nine months ended September 30, 2020 related to gain amounts from sales of real estate occurring in the prior year.

### *Interest and Other Income (Loss)*

Interest and other income (loss) decreased by approximately $0.1 million for the nine months ended September 30, 2021 compared to 2020, due primarily to a decrease of approximately $2.9 million in interest income as a result of lower interest earned on our deposits, partially offset by an approximately $2.8 million decrease in the allowance for current expected credit losses, which results in higher income.

On January 1, 2020, we adopted Accounting Standards Update (“ASU”) 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”) and, as a result, we were required to record an allowance for current expected credit losses related to our outstanding (1) related party note receivable, (2) notes receivable and (3) off-balance sheet credit exposures.

### *Gains from Investments in Securities*

Gains from investments in securities for the nine months ended September 30, 2021 and 2020 related to investments that we have made to reduce our market risk relating to deferred compensation plans that we maintain for BXP’s officers and former non-employee directors. Under the deferred compensation plans, each officer or non-employee director who is eligible to participate is permitted to defer a portion of the officer’s current income or the non-employee director’s compensation on a pre-tax basis and receive a tax-deferred return on these deferrals based on the performance of specific investments selected by the officer or non-employee director. In order to reduce our market risk relating to these plans, we typically acquire, in a separate account that is not restricted as to its use, similar or identical investments as those selected by each officer or non-employee director. This enables us to generally match our liabilities to BXP’s officers or former non-employee directors under our deferred compensation plans with equivalent assets and thereby limit our market risk. The performance of these investments is recorded as gains from investments in securities. During the nine months ended September 30, 2021 and 2020, we recognized gains of approximately $3.7 million and $1.0 million, respectively, on these investments. By comparison, our general and administrative expense increased by approximately $3.7 million and $1.0 million during the nine months ended September 30, 2021 and 2020, respectively, as a result of increases in our liability under our deferred compensation plans that was associated with the performance of the specific investments selected by officers and former non-employee directors of BXP participating in the plans.

### *Losses From Early Extinguishment of Debt*

On February 14, 2021, BPLP completed the redemption of $850.0 million in aggregate principal amount of its 4.125% senior notes due May 15, 2021. The redemption price was approximately $858.7 million, which was equal to the stated principal plus approximately $8.7 million of accrued and unpaid interest to, but not including, the redemption date. Excluding the accrued and unpaid interest, the redemption price was equal to the principal amount being redeemed. We recognized a loss from early extinguishment of debt totaling approximately $0.4 million related to unamortized origination costs.

On March 16, 2021, BPLP repaid $500.0 million, representing all amounts outstanding on its delayed draw term loan (“Delayed Draw Facility”) under our prior unsecured revolving credit agreement (the “2017 Credit Facility”). We recognized a loss from early extinguishment of debt totaling approximately $0.5 million related to unamortized financing costs.

***Interest Expense***

Interest expense increased by approximately $0.3 million for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| Component | Change in interest expense for the nine months ended September 30, 2021 compared to September 30, 2020 (in thousands) |
|---|---|
| Increases to interest expense due to: | |
| Issuance of $1.25 billion in aggregate principal of 3.250% senior notes due 2031 on May 5, 2020 | $ 14,155 |
| Issuance of $850 million in aggregate principal of 2.550% senior notes due 2032 on March 16, 2021 | 11,897 |
| Decrease in capitalized interest related to development projects | 3,645 |
| Increase in interest due to finance leases for two in-service properties | 1,604 |
| Increase in interest due to finance leases that are related to development properties | 1,052 |
| Issuance of $850 million in aggregate principal of 2.450% senior notes due 2033 on September 29, 2021 | 116 |
| Total increases to interest expense | 32,469 |
| Decreases to interest expense due to: | |
| Redemption of $850 million in aggregate principal of 4.125% senior notes due 2021 on February 14, 2021 | (22,550) |
| Decrease in interest rates for the 2017 and 2021 Credit Facilities and the repayment of the unsecured term loan on March 16, 2021 (1) | (5,196) |
| Increase in capitalized interest related to development projects that had finance leases | (3,645) |
| Other interest expense (excluding senior notes) | (658) |
| Decrease in interest related to the repayment of the University Place mortgage loan | (131) |
| Total decreases to interest expense | (32,180) |
| Total change in interest expense | $ 289 |

(1) On June 15, 2021, BPLP entered into the 2021 Credit Facility, which replaced the 2017 Credit Facility (See Note 8 to the Consolidated Financial Statements).

Interest expense directly related to the development of rental properties is capitalized and included in real estate assets on our Consolidated Balance Sheets and amortized over the useful lives of the real estate or lease term. As portions of properties are placed in-service, we cease capitalizing interest on that portion and interest is then expensed. Interest capitalized for the nine months ended September 30, 2021 and 2020 was approximately $36.6 million and $41.3 million, respectively. These costs are not included in the interest expense referenced above.

On October 15, 2021, BPLP used available cash and funds under its 2021 Credit Facility to complete the redemption of $1.0 billion in aggregate principal amount of its 3.85% senior notes due February 1, 2023. The redemption price was approximately $1.05 billion, which was equal to par plus approximately $7.9 million of accrued and unpaid interest to, but not including, the redemption date and an early redemption premium and unamortized financing costs totaling approximately $43.9 million. We expect to recognize a loss from early extinguishment of debt related primarily to the payment of the redemption premium in the fourth quarter.

At September 30, 2021, our variable rate debt consisted of BPLP's $1.5 billion revolving facility (the "Revolving Facility"). The Revolving Facility did not have an outstanding balance as of September 30, 2021. For a summary of our consolidated debt as of September 30, 2021 and September 30, 2020 refer to the heading "*Liquidity and Capital Resources—Capitalization—Debt Financing*" within "*Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

***Noncontrolling Interests in Property Partnerships***

Noncontrolling interests in property partnerships increased by approximately $18.3 million for the nine months ended September 30, 2021 compared to 2020, as detailed below.

| Property | Noncontrolling Interests in Property Partnerships for the nine months ended September 30, | | |
|---|---|---|---|
| | 2021 | 2020 | Change |
| | | (in thousands) | |
| 767 Fifth Avenue (the General Motors Building) (1) | $ 8,873 | $ 4,205 | $ 4,668 |
| Times Square Tower (2) | 14,915 | 198 | 14,717 |
| 601 Lexington Avenue (3) | 11,245 | 12,317 | (1,072) |
| 100 Federal Street | 10,211 | 10,874 | (663) |
| Atlantic Wharf Office Building | 7,358 | 6,686 | 672 |
| | $ 52,602 | $ 34,280 | $ 18,322 |

(1) The increase was primarily attributable to an increase in lease revenue from our tenants. In addition, during the nine months ended September 30, 2020, we accelerated amortization expense related to a below-market lease that terminated early.
(2) During the nine months ended September 30, 2020, we wrote off approximately $26.8 million of accrued rent and accounts receivable balances for tenants that either terminated their leases or for which we determined their accrued rent and/or accounts receivable balances, primarily retail tenants, were no longer probable of collection. Approximately $12.0 million represents our partners' share of the write-offs.
(3) The decrease was primarily due to a decrease in lease revenue from our retail tenants and a tenant that terminated its space during the nine months ended September 30, 2020, partially offset by the increase in revenue related to placing in-service One Five Nine East 53rd Street. During the nine months ended September 30, 2020, we wrote off approximately $2.9 million of accrued rent and accounts receivable balances for tenants that either terminated their leases or for which we determined their accrued rent and/or accounts receivable balances, primarily retail tenants, were no longer probable of collection. Approximately $1.3 million represents our partners' share of the write-offs.

***Noncontrolling Interest—Common Units of the Operating Partnership***

For BXP, noncontrolling interest—common units of the Operating Partnership decreased by approximately $61.7 million for the nine months ended September 30, 2021 compared to 2020 due primarily to a decrease in allocable income, which was the result of recognizing a greater gain on sales of real estate amount during 2020. Due to our ownership structure, there is no corresponding line item on BPLP's financial statements.

**Results of Operations for the Three Months Ended September 30, 2021 and 2020**

Net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership common unitholders increased approximately $18.4 million and $20.4 million for the three months ended September 30, 2021 compared to 2020, respectively, as detailed in the following tables and for the reasons discussed below under the heading "*Comparison of the three months ended September 30, 2021 to the three months ended September 30, 2020" within "Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

Below are reconciliations of net income attributable to Boston Properties, Inc. common shareholders to NOI and net income attributable to Boston Properties Limited Partnership common unitholders to NOI for the three months ended September 30, 2021 and 2020. For a detailed discussion of NOI, including the reasons management believes NOI is useful to investors, see page 59.

***Boston Properties, Inc.***

| | Three months ended September 30, | | | |
|---|---|---|---|---|
| | 2021 | 2020 | Increase/ (Decrease) | % Change |
| | (in thousands) | | | |
| Net Income Attributable to Boston Properties, Inc. Common Shareholders | $ 108,297 | $ 89,854 | $ 18,443 | 20.53 % |
| Preferred dividends | — | 2,625 | (2,625) | (100.00)% |
| Net Income Attributable to Boston Properties, Inc. | 108,297 | 92,479 | 15,818 | 17.10 % |
| Net Income Attributable to Noncontrolling Interests: | | | | |
| Noncontrolling interest—common units of the Operating Partnership | 11,982 | 10,020 | 1,962 | 19.58 % |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 | 3,410 | 21.91 % |
| Net Income | 139,250 | 118,060 | 21,190 | 17.95 % |
| Other Expenses: | | | | |
| Add: | | | | |
| Interest expense | 105,794 | 110,993 | (5,199) | (4.68)% |
| Loss from unconsolidated joint ventures | 5,597 | 6,873 | (1,276) | (18.57)% |
| Other Income: | | | | |
| Less: | | | | |
| Gains (losses) from investments in securities | (190) | 1,858 | (2,048) | (110.23)% |
| Interest and other income (loss) | 1,520 | (45) | 1,565 | 3,477.78 % |
| Gains (losses) on sales of real estate | 348 | (209) | 557 | 266.51 % |
| Other Expenses: | | | | |
| Add: | | | | |
| Depreciation and amortization expense | 179,412 | 166,456 | 12,956 | 7.78 % |
| Transaction costs | 1,888 | 307 | 1,581 | 514.98 % |
| Payroll and related costs from management services contracts | 3,006 | 2,896 | 110 | 3.80 % |
| General and administrative expense | 34,560 | 27,862 | 6,698 | 24.04 % |
| Other Revenue: | | | | |
| Less: | | | | |
| Direct reimbursements of payroll and related costs from management services contracts | 3,006 | 2,896 | 110 | 3.80 % |
| Development and management services revenue | 6,094 | 7,281 | (1,187) | (16.30)% |
| Net Operating Income | $ 458,729 | $ 421,666 | $ 37,063 | 8.79 % |

***Boston Properties Limited Partnership***

| | Three months ended September 30, | | | |
|---|---|---|---|---|
| | 2021 | 2020 | Increase/ (Decrease) | % Change |
| | (in thousands) | | | |
| Net Income Attributable to Boston Properties Limited Partnership Common Unitholders | $ 122,014 | $ 101,624 | $ 20,390 | 20.06 % |
| Preferred distributions | — | 2,625 | (2,625) | (100.00)% |
| Net Income Attributable to Boston Properties Limited Partnership | 122,014 | 104,249 | 17,765 | 17.04 % |
| Net Income Attributable to Noncontrolling Interests: | | | | |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 | 3,410 | 21.91 % |
| Net Income | 140,985 | 119,810 | 21,175 | 17.67 % |
| Other Expenses: | | | | |
| Add: | | | | |
| Interest expense | 105,794 | 110,993 | (5,199) | (4.68)% |
| Loss from unconsolidated joint ventures | 5,597 | 6,873 | (1,276) | (18.57)% |
| Other Income: | | | | |
| Less: | | | | |
| Gains (losses) from investments in securities | (190) | 1,858 | (2,048) | (110.23)% |
| Interest and other income (loss) | 1,520 | (45) | 1,565 | 3,477.78 % |
| Gains (losses) on sales of real estate | 348 | (209) | 557 | 266.51 % |
| Other Expenses: | | | | |
| Add: | | | | |
| Depreciation and amortization expense | 177,677 | 164,706 | 12,971 | 7.88 % |
| Transaction costs | 1,888 | 307 | 1,581 | 514.98 % |
| Payroll and related costs from management services contracts | 3,006 | 2,896 | 110 | 3.80 % |
| General and administrative expense | 34,560 | 27,862 | 6,698 | 24.04 % |
| Other Revenue: | | | | |
| Less: | | | | |
| Direct reimbursements of payroll and related costs from management services contracts | 3,006 | 2,896 | 110 | 3.80 % |
| Development and management services revenue | 6,094 | 7,281 | (1,187) | (16.30)% |
| Net Operating Income | $ 458,729 | $ 421,666 | $ 37,063 | 8.79 % |

***Comparison of the three months ended September 30, 2021 to the three months ended September 30, 2020***

The table below shows selected operating information for the Same Property Portfolio and the Total Property Portfolio. The Same Property Portfolio consists of 143 properties totaling approximately 39.7 million net rentable square feet, excluding unconsolidated joint ventures. The Same Property Portfolio includes properties acquired or placed in-service on or prior to July 1, 2020 and owned and in-service through September 30, 2021. The Total Property Portfolio includes the effects of the other properties either acquired, placed in-service, in development or redevelopment after July 1, 2020 or disposed of on or prior to September 30, 2021. This table includes a reconciliation from the Same Property Portfolio to the Total Property Portfolio by also providing information for the three months ended September 30, 2021 and 2020 with respect to the properties that were acquired, placed in-service, in development or redevelopment or sold. We did not sell any properties during the three months ended September 30, 2021 and 2020.

| | Same Property Portfolio | | | | Properties Acquired Portfolio | | Properties Placed In-Service Portfolio | | Properties in Development or Redevelopment Portfolio | | Total Property Portfolio | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | Increase/ (Decrease) | % Change | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | Increase/ (Decrease) | % Change |
| | (dollars in thousands) | | | | | | | | | | | | | |
| Rental Revenue: (1) | | | | | | | | | | | | | | |
| Lease Revenue (Excluding Termination Income) | $ 671,248 | $ 649,484 | $ 21,764 | 3.35 % | $ 2,840 | $ — | $ 3,904 | $ 157 | $ 1,752 | $ 4,753 | $ 679,744 | $ 654,394 | $ 25,350 | 3.87 % |
| Termination Income | 1,874 | 2,715 | (841) | (30.98)% | — | — | — | — | — | — | 1,874 | 2,715 | (841) | (30.98)% |
| Lease Revenue | 673,122 | 652,199 | 20,923 | 3.21 % | 2,840 | — | 3,904 | 157 | 1,752 | 4,753 | 681,618 | 657,109 | 24,509 | 3.73 % |
| Parking and Other | 23,250 | 16,170 | 7,080 | 43.78 % | — | — | 5 | 4 | — | — | 23,255 | 16,174 | 7,081 | 43.78 % |
| Total Rental Revenue (1) | 696,372 | 668,369 | 28,003 | 4.19 % | 2,840 | — | 3,909 | 161 | 1,752 | 4,753 | 704,873 | 673,283 | 31,590 | 4.69 % |
| Real Estate Operating Expenses | 249,844 | 250,951 | (1,107) | (0.44)% | 582 | — | 648 | 307 | 1,162 | 2,048 | 252,236 | 253,306 | (1,070) | (0.42)% |
| Net Operating Income (Loss), Excluding Residential and Hotel | 446,528 | 417,418 | 29,110 | 6.97 % | 2,258 | — | 3,261 | (146) | 590 | 2,705 | 452,637 | 419,977 | 32,660 | 7.78 % |
| Residential Net Operating Income (Loss) (2) | 5,731 | 5,480 | 251 | 4.58 % | — | — | (882) | (717) | — | — | 4,849 | 4,763 | 86 | 1.81 % |
| Hotel Net Operating Income (Loss) (2) | 1,243 | (3,074) | 4,317 | 140.44 % | — | — | — | — | — | — | 1,243 | (3,074) | 4,317 | 140.44 % |
| Net Operating Income (Loss) | $ 453,502 | $ 419,824 | $ 33,678 | 8.02 % | $ 2,258 | $ — | $ 2,379 | $ (863) | $ 590 | $ 2,705 | $ 458,729 | $ 421,666 | $ 37,063 | 8.79 % |

(1) Rental Revenue is equal to Revenue less Development and Management Services Revenue and Direct Reimbursements of Payroll and Related Costs from Management Services Revenue per the Consolidated Statements of Operations, excluding the residential and hotel revenue that is noted below. We use 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.

(2) For a detailed discussion of NOI, including the reasons management believes NOI is useful to investors, see page 59. Residential Net Operating Income for the three months ended September 30, 2021 and 2020 is comprised of Residential Revenue of $10,894 and $9,718 less Residential Expenses of $6,045 and $4,955, respectively. Hotel Net Operating Income (Loss) for the three months ended September 30, 2021 and 2020 is comprised of Hotel Revenue of $5,189 and $90 less Hotel Expenses of $3,946 and $3,164, respectively, per the Consolidated Statements of Operations.

***Same Property Portfolio***

***Lease Revenue (Excluding Termination Income)***

Lease revenue from the Same Property Portfolio increased by approximately $21.8 million for the three months ended September 30, 2021 compared to 2020. Approximately $7.5 million of the increase related to write-offs of accrued rent and accounts receivable balances that occurred during the three months ended September 30, 2020 and did not recur in 2021, for primarily retail tenants that either terminated their leases or we determined that the accrued rent and/or accounts receivable balances were no longer probable of collection. Excluding the write-offs, the Same Property Portfolio increased by approximately $14.3 million primarily due to our average revenue per square foot increasing by approximately $2.77, resulting in an increase of approximately $24.1 million, partially offset by an approximately $9.8 million decrease due to our average occupancy decreasing from 92.4% to 91.0%.

We continue to evaluate the collectability of our accrued rent and accounts receivable balances related to lease revenue. If after a write-off has been recorded, (1) we subsequently determine that we are probable we will collect substantially all the remaining lessee’s lease payments under the lease term and (2) the lease has not been modified since the write-off, we will then reinstate the accrued rent and accounts receivable write-offs, adjusting for the amount related to the period when the lease payments were considered not probable of collection. If our estimate of collectability differs from the cash received, then the timing and amount of our reported revenue could be impacted.

Each quarter since the second quarter of 2020, the number of executed COVID-19 lease modifications has decreased and as of the third quarter of 2021, we are executing COVID-19 modifications on a limited basis.

***Termination Income***

Termination income decreased by approximately $0.8 million for the three months ended September 30, 2021 compared to 2020.

Termination income for the three months ended September 30, 2021 related to six tenants across the Same Property Portfolio and totaled approximately $1.9 million, which was primarily related to tenants that terminated leases early in New York City.

Termination income for the three months ended September 30, 2020 related to 10 tenants across the Same Property Portfolio and totaled approximately $2.7 million, which was primarily related to tenants that terminated leases early in New York City and the Washington, DC region.

***Parking and Other Revenue***

Parking and other revenue increased by approximately $7.1 million for the three months ended September 30, 2021 compared to 2020. Parking revenue and other revenue increased by approximately $6.3 million and $0.8 million, respectively. The increase in parking revenue was primarily due to an increase in transient parking.

***Real Estate Operating Expenses***

Real estate operating expenses from the Same Property Portfolio decreased by approximately $1.1 million, or 0.4%, for the three months ended September 30, 2021 compared to 2020, due primarily to a decrease in real estate taxes of approximately $5.9 million, or 4.4%, offset by an increase in utility and other real estate operating expenses of approximately $3.1 million, or 12.1%, and $1.7 million, or 1.9%, respectively. The decrease in real estate taxes was primarily experienced in New York City. The increase in utility expense was experienced across the portfolio and was primarily driven by an increase in physical tenant occupancy, which led to higher demand for electricity and HVAC.

***Properties Acquired Portfolio***

The table below lists the properties acquired between July 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses increased by approximately $2.8 million and $0.6 million, respectively, for the three months ended September 30, 2021 compared to 2020, as detailed below.

| | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|
| Name | Date acquired | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | (dollars in thousands) | | | | | |
| 153 & 211 Second Avenue | June 2, 2021 | 136,882 | $ 2,345 | $ — | $ 2,345 | $ 248 | $ — | $ 248 |
| Shady Grove Bio+Tech Campus | August 2, 2021 | 233,452 | 495 | — | 495 | 334 | — | 334 |
| | | 370,334 | $ 2,840 | $ — | $ 2,840 | $ 582 | $ — | $ 582 |

***Properties Placed In-Service Portfolio***

The table below lists the properties that were placed in-service or partially placed in-service between July 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses from our Properties Placed In-Service Portfolio increased by approximately $4.5 million and $1.3 million, respectively, for the three months ended September 30, 2021 compared to 2020, as detailed below.

| | | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Quarter Initially Placed In-Service | Quarter Fully Placed In-Service | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | | (dollars in thousands) | | | | | |
| Office | | | | | | | | | |
| One Five Nine East 53rd Street (1) | First Quarter, 2021 | First Quarter, 2021 | 220,000 | $ 3,909 | $ 161 | $ 3,748 | $ 648 | $ 307 | $ 341 |
| Total Office | | | 220,000 | 3,909 | 161 | 3,748 | 648 | 307 | 341 |
| | | | | | | | | | |
| Residential | | | | | | | | | |
| The Skylyne | Third Quarter, 2020 | Third Quarter, 2020 | 330,996 | 806 | 23 | 783 | 1,688 | 740 | 948 |
| Total Residential | | | 330,996 | 806 | 23 | 783 | 1,688 | 740 | 948 |
| | | | 550,996 | $ 4,715 | $ 184 | $ 4,531 | $ 2,336 | $ 1,047 | $ 1,289 |

(1) This is the low-rise portion of 601 Lexington Avenue, which was in development for the three months ended September 30, 2020.

***Properties in Development or Redevelopment Portfolio***

The table below lists the properties that were in development or redevelopment between July 1, 2020 and September 30, 2021. Rental revenue and real estate operating expenses from our Properties in Development or Redevelopment Portfolio decreased by approximately $3.0 million and $0.9 million, respectively, for the three months ended September 30, 2021 compared to 2020.

| | | | Rental Revenue | | | Real Estate Operating Expenses | | |
|---|---|---|---|---|---|---|---|---|
| Name | Date Commenced Development / Redevelopment | Square Feet | 2021 | 2020 | Change | 2021 | 2020 | Change |
| | | | (dollars in thousands) | | | | | |
| 325 Main Street (1) | May 9, 2019 | 115,000 | $ — | $ — | $ — | $ 169 | $ 207 | $ (38) |
| 200 West Street (2) | September 30, 2019 | 261,000 | 1,752 | 1,233 | 519 | 932 | 784 | 148 |
| 880 Winter Street (3) | February 25, 2021 | 224,000 | — | 1,977 | (1,977) | 61 | 706 | (645) |
| 3625-3635 Peterson Way (4) | April 16, 2021 | 218,000 | — | 1,543 | (1,543) | — | 351 | (351) |
| | | 818,000 | $ 1,752 | $ 4,753 | $ (3,001) | $ 1,162 | $ 2,048 | $ (886) |

______________

(1) Real estate operating expenses for the three months ended September 30, 2021 and 2020 were related to demolition costs.
(2) Conversion of a 126,000 square foot portion of the property to life sciences space from office space.
(3) On February 25, 2021, we commenced the redevelopment and conversion of 880 Winter Street, a 224,000 square foot office property located in Waltham, Massachusetts, to laboratory space.
(4) On April 16, 2021, we removed 3625-3635 Peterson Way, located in Santa Clara, California, from our in-service portfolio. We are demolishing the building and expect to redevelop the site at a future date.

***Residential Net Operating Income***

Net operating income for our residential same properties increased by approximately $0.3 million for the three months ended September 30, 2021 compared to 2020. Net operating income for the three months ended September 30, 2020 includes approximately $0.7 million of termination income from a retail tenant.

The following reflects our occupancy and rate information for The Lofts at Atlantic Wharf, The Avant at Reston Town Center, Signature at Reston and Proto Kendall Square for the three months ended September 30, 2021 and 2020.

| | The Lofts at Atlantic Wharf | | | The Avant at Reston Town Center | | | Signature at Reston | | | Proto Kendall Square | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | Change (%) | 2021 | 2020 | Change (%) | 2021 | 2020 | Change (%) | 2021 | 2020 | Change (%) |
| Average Monthly Rental Rate (1) | $ 3,747 | $ 4,231 | (11.4)% | $ 2,299 | $ 2,352 | (2.3)% | $ 2,429 | $ 2,319 | 4.7 % | $ 2,642 | $ 2,676 | (1.3)% |
| Average Rental Rate Per Occupied Square Foot | $ 4.17 | $ 4.62 | (9.7)% | $ 2.50 | $ 2.57 | (2.7)% | $ 2.51 | $ 2.42 | 3.7 % | $ 4.82 | $ 4.91 | (1.8)% |
| Average Physical Occupancy (2) | 96.5 % | 80.2 % | 20.3 % | 96.3 % | 89.7 % | 7.4 % | 93.2 % | 82.2 % | 13.4 % | 94.5 % | 85.7 % | 10.3 % |
| Average Economic Occupancy (3) | 95.4 % | 80.7 % | 18.2 % | 96.3 % | 88.9 % | 8.3 % | 92.0 % | 78.2 % | 17.6 % | 93.9 % | 83.1 % | 13.0 % |

______________

(1) Average Monthly Rental Rate is calculated as the average of the quotients obtained by dividing (A) rental revenue as determined in accordance with GAAP, by (B) the number of occupied units for each month within the applicable fiscal period.
(2) Average Physical Occupancy is defined as (1) the average number of occupied units divided by (2) the total number of units, expressed as a percentage.
(3) Average Economic Occupancy is defined as (1) total possible revenue less vacancy loss divided by (2) total possible revenue, expressed as a percentage. Total possible revenue is determined by valuing average occupied units at contract rates and average vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant units at their Market Rents, Average Economic Occupancy takes into account the fact that units of different sizes and locations within a residential property have different economic impacts on a residential property's total possible gross revenue. Market Rents used by us in calculating Economic Occupancy are based on the current market rates set by the managers of our residential properties based on their experience in renting their residential property's units and publicly available market data. Actual market rents and trends in such rents for a region as reported by others may vary materially from Market Rents used by us. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

***Hotel Net Operating Income (Loss)***

The Boston Marriott Cambridge hotel property operated at an approximately $1.2 million profit during the three months ended September 30, 2021. This is approximately $4.3 million greater than the three months ended September 30, 2020.

The Boston Marriott Cambridge closed in March 2020 due to COVID-19. The hotel re-opened on October 2, 2020 and has operated at lower occupancy levels due to the continued impact of COVID-19 on business and leisure travel. The closing of the hotel for more than two fiscal quarters, and the lower demand and low occupancy since its re-opening, have had, and are expected to continue to have, a material adverse effect on the hotel's operations. We expect hotel occupancy to remain low until the demand for business and leisure travel returns to historical levels.

The following reflects our occupancy and rate information for the Boston Marriott Cambridge hotel for the three months ended September 30, 2021 and 2020.

| | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Occupancy | 49.4 % | — % | 100.0 % |
| Average daily rate | $ 222.31 | $ — | 100.0 % |
| REVPAR | $ 109.86 | $ — | 100.0 % |

***Other Operating Revenue and Expense Items***

***Development and Management Services Revenue***

Development and management services revenue decreased by approximately $1.2 million for the three months ended September 30, 2021 compared to 2020. Development and management services revenue decreased by approximately $1.1 million and $0.1 million, respectively. The decrease in development services revenue was primarily related to a decrease of approximately $0.6 million in development fees earned in New York City from an unconsolidated joint venture and a decrease of approximately $0.5 million in fees associated with tenant improvement projects earned from a building owned by a third-party in the Washington, DC region. The decrease in management services revenue was primarily related to a decrease in property management fees earned from third-party owned buildings in the Washington, DC region.

***General and Administrative Expense***

General and administrative expense increased by approximately $6.7 million for the three months ended September 30, 2021 compared to 2020 primarily due to an increase in compensation expense of approximately $6.4 million, and an increase of approximately $0.3 million in other general and administrative expenses. The increase in compensation expense was partially offset by a decrease of approximately $2.1 million in the value of our deferred compensation plan. The increase in other general and administrative expenses was primarily related to an increase in meals and travel expense.

Wages directly related to the development of rental properties are capitalized and included in real estate assets on our Consolidated Balance Sheets and amortized over the useful lives of the applicable asset or lease term. Capitalized wages for the three months ended September 30, 2021 and 2020 were approximately $3.4 million. These costs are not included in the general and administrative expenses discussed above.

***Transaction Costs***

Transaction costs increased by approximately $1.6 million for the three months ended September 30, 2021 compared to 2020 due primarily to costs incurred in connection with the pursuit and formation of new joint ventures. In general, transaction costs relating to the formation of new and pending joint ventures and the pursuit of other transactions are expensed as incurred.

***Depreciation and Amortization Expense***

Depreciation expense may differ between BXP and BPLP as a result of previously applied acquisition accounting by BXP for the issuance of common stock in connection with non-sponsor OP Unit redemptions by BPLP.  This accounting resulted in a step-up of the real estate assets at BXP that was allocated to certain properties.  The difference between the real estate assets of BXP as compared to BPLP for certain properties having an allocation of the real estate step-up will result in a corresponding difference in depreciation expense. For additional information see the Explanatory Note that follows the cover page of this Quarterly Report on Form 10-Q.

***Boston Properties, Inc.***

Depreciation and amortization expense increased by approximately $13.0 million for the three months ended September 30, 2021 compared to 2020, as detailed below.

| Portfolio | Depreciation and Amortization for the three months ended September 30, | | |
|---|---|---|---|
| | 2021 | 2020 | Change |
| | | (in thousands) | |
| Same Property Portfolio | $ 171,977 | $ 163,114 | $ 8,863 |
| Properties Acquired Portfolio | 3,761 | — | 3,761 |
| Properties Placed In-Service Portfolio | 3,295 | 695 | 2,600 |
| Properties in Development or Redevelopment Portfolio | 379 | 2,647 | (2,268) |
| | $ 179,412 | $ 166,456 | $ 12,956 |

***Boston Properties Limited Partnership***

Depreciation and amortization expense increased by approximately $13.0 million for the three months ended September 30, 2021 compared to 2020, as detailed below.

| Portfolio | Depreciation and Amortization for the three months ended September 30, | | |
|---|---|---|---|
| | 2021 | 2020 | Change |
| | | (in thousands) | |
| Same Property Portfolio | $ 170,242 | $ 161,364 | $ 8,878 |
| Properties Acquired Portfolio | 3,761 | — | 3,761 |
| Properties Placed In-Service Portfolio | 3,295 | 695 | 2,600 |
| Properties in Development or Redevelopment Portfolio | 379 | 2,647 | (2,268) |
| | $ 177,677 | $ 164,706 | $ 12,971 |

***Direct Reimbursements of Payroll and Related Costs From Management Services Contracts and Payroll and Related Costs From Management Service Contracts***

We have determined that amounts reimbursed for payroll and related costs received from third parties in connection with management services contracts should be reflected on a gross basis instead of on a net basis as we have determined that we are the principal under these arrangements. We anticipate that these two financial statement line items will generally offset each other.

***Other Income and Expense Items***

***Loss from Unconsolidated Joint Ventures***

For the three months ended September 30, 2021 compared to 2020, loss from unconsolidated joint ventures decreased by approximately $1.3 million due to a $2.2 million increase in net income at our Colorado Center joint venture, primarily due to a write-off of lease revenue during the three months ended September 30, 2020. This increase was partially offset by an approximately $1.1 million decrease in net income from our Dock 72 joint venture, primarily related to depreciation and amortization.

***Gains (Losses) on Sales of Real Estate***

Gains (losses) on sales of real estate increased by approximately $0.6 million for the three months ended September 30, 2021 compared to 2020. During the three months ended September 30, 2021, we recognized a gain of approximately $0.3 million related to the sale of 6595 Springfield Center Drive (See Note 3 to the Consolidated Financial Statements). During the three months ended September 30, 2020, we incurred approximately $0.2 million of additional expenses related to the sale of a portion of Capital Gallery in Washington, DC, thus resulting in a loss on sale of real estate.

***Interest and Other Income (Loss)***

Interest and other income (loss) increased by approximately $1.6 million for the three months ended September 30, 2021 compared to 2020, due to an approximately $1.9 million decrease in the allowance for current expected credit losses, which results in higher income, partially offset by a decrease of approximately $0.3 million in interest income as a result of lower interest earned on our deposits.

On January 1, 2020, we adopted ASU 2016-13 and, as a result, we were required to record an allowance for current expected credit losses related to our outstanding (1) related party note receivable, (2) notes receivable and (3) off-balance sheet credit exposures.

***Gains (Losses) from Investments in Securities***

Gains (losses) from investments in securities for the three months ended September 30, 2021 and 2020 related to investments that we have made to reduce our market risk relating to deferred compensation plans that we maintain for BXP’s officers and former non-employee directors. Under the deferred compensation plans, each officer or non-employee director who is eligible to participate is permitted to defer a portion of the officer’s current income or the non-employee director’s compensation on a pre-tax basis and receive a tax-deferred return on these deferrals based on the performance of specific investments selected by the officer or non-employee director. In order to reduce our market risk relating to these plans, we typically acquire, in a separate account that is not restricted as to its use, similar or identical investments as those selected by each officer or non-employee director. This enables us to generally match our liabilities to BXP’s officers or former non-employee directors under our deferred compensation plans with equivalent assets and thereby limit our market risk. The performance of these investments is recorded as gains (losses) from investments in securities. During the three months ended September 30, 2021 and 2020, we recognized gains (losses) of approximately $(0.2) million and $1.9 million, respectively, on these investments. By comparison, our general and administrative expense increased (decreased) by approximately $(0.2) million and $1.9 million during the three months ended September 30, 2021 and 2020, respectively, as a result of increases (decreases) in our liability under our deferred compensation plans that was associated with the performance of the specific investments selected by officers and former non-employee directors of BXP participating in the plans.

***Interest Expense***

Interest expense decreased by approximately $5.2 million for the three months ended September 30, 2021 compared to 2020, as detailed below.

| Component | Change in interest expense for the three months ended September 30, 2021 compared to September 30, 2020 (in thousands) |
|---|---|
| Increases to interest expense due to: | |
| Issuance of $850 million in aggregate principal of 2.550% senior notes due 2032 on March 16, 2021 | $ 5,491 |
| Decrease in capitalized interest related to development projects | 2,876 |
| Increase in interest due to finance leases for two in-service properties | 447 |
| Issuance of $850 million in aggregate principal of 2.450% senior notes due 2033 on September 29, 2021 | 116 |
| Total increases to interest expense | 8,930 |
| Decreases to interest expense due to: | |
| Redemption of $850 million in aggregate principal of 4.125% senior notes due 2021 on February 14, 2021 | (8,945) |
| Increase in capitalized interest related to development projects that had finance leases | (2,876) |
| Decrease in interest due to finance leases that are related to development properties | (999) |
| Decrease in interest rates for the 2017 and 2021 Credit Facilities and the repayment of the unsecured term loan on March 16, 2021 (1) | (981) |
| Other interest expense (excluding senior notes) | (286) |
| Decrease in interest related to the repayment of University Place mortgage loan | (42) |
| Total decreases to interest expense | (14,129) |
| Total change in interest expense | $ (5,199) |

(1) On June 15, 2021, BPLP entered into the 2021 Credit Facility, which replaced the 2017 Credit Facility (See Note 8 to the Consolidated Financial Statements).

Interest expense directly related to the development of rental properties is capitalized and included in real estate assets on our Consolidated Balance Sheets and amortized over the useful lives of the real estate or lease term. As portions of properties are placed in-service, we cease capitalizing interest on that portion and interest is then expensed. Interest capitalized for the three months ended September 30, 2021 and 2020 was approximately $11.6 million and $13.5 million, respectively. These costs are not included in the interest expense referenced above.

On October 15, 2021, BPLP used available cash and funds under its 2021 Credit Facility to complete the redemption of $1.0 billion in aggregate principal amount of its 3.85% senior notes due February 1, 2023. The redemption price was approximately $1.05 billion, which was equal to par plus approximately $7.9 million of accrued and unpaid interest to, but not including, the redemption date and an early redemption premium and unamortized financing costs totaling approximately $43.9 million. We expect to recognize a loss from early extinguishment of debt related primarily to the payment of the redemption premium in the fourth quarter.

At September 30, 2021, our outstanding variable rate debt consisted of BPLP's $1.5 billion Revolving Facility. The Revolving Facility did not have an outstanding balance as of September 30, 2021. For a summary of our consolidated debt as of September 30, 2021 and September 30, 2020 refer to the heading "*Liquidity and Capital Resources—Capitalization—Debt Financing"* within "*Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

### *Noncontrolling Interests in Property Partnerships*

Noncontrolling interests in property partnerships increased by approximately $3.4 million for the three months ended September 30, 2021 compared to 2020, as detailed below.

| Property | Noncontrolling Interests in Property Partnerships for the three months ended September 30, 2021 | 2020 | Change |
|---|---|---|---|
| | (in thousands) | | |
| 767 Fifth Avenue (the General Motors Building) (1) | $ 3,406 | $ 2,104 | $ 1,302 |
| Times Square Tower (1) | 4,995 | 3,545 | 1,450 |
| 601 Lexington Avenue | 4,436 | 4,352 | 84 |
| 100 Federal Street | 3,421 | 3,565 | (144) |
| Atlantic Wharf Office Building (2) | 2,713 | 1,995 | 718 |
| | $ 18,971 | $ 15,561 | $ 3,410 |

(1) The increase was primarily attributable to an increase in lease revenue from our tenants.
(2) During the three months ended September 30, 2020, we wrote off approximately $0.5 million of accrued rent and accounts receivable balances for retail tenants whose balances we determined were no longer probable of collection. Approximately $0.2 million represents our partners' share of the write-offs.

### *Noncontrolling Interest—Common Units of the Operating Partnership*

For BXP, noncontrolling interest—common units of the Operating Partnership increased by approximately $2.0 million for the three months ended September 30, 2021 compared to 2020 due primarily to an increase in allocable income. Due to our ownership structure, there is no corresponding line item on BPLP's financial statements.

## Liquidity and Capital Resources

### *General*

Our principal liquidity needs for the next twelve months and beyond are to:

- fund normal recurring expenses;
- meet debt service and principal repayment obligations, including balloon payments on maturing debt;
- fund development and redevelopment costs;
- fund capital expenditures, including major renovations, tenant improvements and leasing costs;
- fund pending and possible acquisitions of properties, either directly or indirectly through the acquisition of equity interests therein; and
- make the minimum distribution required to enable BXP to maintain its REIT qualification under the Internal Revenue Code of 1986, as amended.

We expect to satisfy these needs using one or more of the following:

- cash flow from operations;
- distribution of cash flows from joint ventures;
- cash and cash equivalent balances;
- borrowings under BPLP's 2021 Credit Facility, short-term bridge facilities and construction loans;
- long-term secured and unsecured indebtedness (including unsecured exchangeable indebtedness);
- sales of real estate; and
- issuances of BXP equity securities and/or preferred or common units of partnership interest in BPLP.

We draw on multiple financing sources to fund our long-term capital needs. We expect to fund our current development properties primarily with our available cash balances, construction loans and BPLP's Revolving Facility. We use BPLP's Revolving Facility primarily as a bridge facility to fund acquisition opportunities, refinance outstanding indebtedness and meet short-term development and working capital needs. Although we may seek to fund our development projects with construction loans, which may require guarantees by BPLP, the financing for each particular project ultimately depends on several factors, including, among others, the project's size and duration, the extent of pre-leasing and our available cash and access to cost effective capital at the given time.

The following table presents information on properties under construction and redevelopment as of September 30, 2021 (dollars in thousands):

| | | | | | | | Financings | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Construction Properties** | **Estimated Stabilization Date** | **Location** | **# of Buildings** | **Estimated Square Feet** | **Investment to Date (1)(2)(3)** | **Estimated Total Investment (1)(2)** | **Total Available (1)** | **Outstanding at 9/30/2021 (1)** | **Estimated Future Equity Requirement (1)(2)(4)** | **Percentage Leased (5)** |
| **Office** | | | | | | | | | | |
| 325 Main Street | Third Quarter, 2022 | Cambridge, MA | 1 | 420,000 | $ 283,920 | $ 418,400 | $ — | $ — | $ 134,480 | 90 % |
| 100 Causeway Street (50% ownership) | Third Quarter, 2022 | Boston, MA | 1 | 632,000 | 229,627 | 267,300 | 200,000 | 148,603 | — | 95 % (6) |
| 7750 Wisconsin Avenue (Marriott International Headquarters) (50% ownership) | First Quarter, 2022 | Bethesda, MD | 1 | 734,000 | 168,945 | 198,900 | 127,500 | 104,036 | 6,491 | 100 % (7) |
| Reston Next | Fourth Quarter, 2023 | Reston, VA | 2 | 1,062,000 | 507,726 | 715,300 | — | — | 207,574 | 85 % (8) |
| 2100 Pennsylvania Avenue | Third Quarter, 2024 | Washington, DC | 1 | 480,000 | 209,193 | 356,100 | — | — | 146,907 | 56 % |
| **Total Office Properties under Construction** | | | 6 | 3,328,000 | 1,399,411 | 1,956,000 | 327,500 | 252,639 | 495,452 | 87 % |
| **Lab/Life Sciences** | | | | | | | | | | |
| 200 West Street (Redevelopment) | Fourth Quarter, 2021 | Waltham, MA | — | 138,000 | 29,340 | 47,800 | — | — | 18,460 | 100 % (9) |
| 880 Winter Street (Redevelopment) | Second Quarter, 2024 | Waltham, MA | 1 | 224,000 | 6,964 | 108,000 | — | — | 101,036 | 23 % |
| 751 Gateway (49% ownership) | Third Quarter, 2024 | South San Francisco, CA | 1 | 229,000 | 28,723 | 127,600 | — | — | 98,877 | — % |
| 180 CityPoint | Fourth Quarter, 2024 | Waltham, MA | 1 | 329,000 | 41,442 | 274,700 | — | — | 233,258 | — % |
| **Total Lab/Life Sciences Properties under Construction** | | | 3 | 920,000 | 106,469 | 558,100 | — | — | 451,631 | 21 % |
| **Other** | | | | | | | | | | |
| View Boston Observatory at The Prudential Center (Redevelopment) | N/A | Boston, MA | — | 59,000 | 45,158 | 182,300 | — | — | 137,142 | N/A |
| **Total Properties under Construction** | | | 9 | 4,307,000 | $ 1,551,038 | $ 2,696,400 | $ 327,500 | $ 252,639 | $ 1,084,225 | 72 % (10) |

(1) Represents our share.
(2) Investment to Date, Estimated Total Investment and Estimated Future Equity Requirement all include our share of acquisition expenses, as applicable, and reflect our share of the estimated net revenue/expenses that we expect to incur prior to stabilization of the project, including any amounts actually received or paid through September 30, 2021.
(3) Includes approximately $77.8 million of unpaid but accrued construction costs and leasing commissions.
(4) Excludes approximately $77.8 million of unpaid but accrued construction costs and leasing commissions.
(5) Represents percentage leased as of November 2, 2021, including leases with future commencement dates.
(6) This property was 79% placed in-service as of September 30, 2021.
(7) On October 29, 2021, this project was fully placed in-service (See Note 15 to the Consolidated Financial Statements).
(8) On October 19, 2021, approximately 285,000 square feet of the project was placed in-service.
(9) Represents a portion of the property under redevelopment for conversion to laboratory space.
(10) Percentage leased excludes View Boston Observatory at The Prudential Center (redevelopment) at 800 Boylston Street - The Prudential Center.

Lease revenue (which includes recoveries from tenants), other income from operations, available cash balances, mortgage financings, unsecured indebtedness and draws on BPLP's Revolving Facility are the principal sources of capital that we use to fund operating expenses, debt service, maintenance and repositioning capital expenditures, tenant improvements and the minimum distribution required to enable BXP to maintain its REIT qualification. We seek to maximize income from our existing properties by maintaining quality standards for our properties that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. Our sources of revenue also include third-party fees generated by our property management, leasing and development and construction businesses, as well as the sale of assets from time to time. We believe these sources of capital will continue to provide the funds necessary for our short-term liquidity needs, including our properties under development and redevelopment. Material adverse changes in one or more sources of capital, whether due to the impacts of the COVID-19 pandemic or otherwise, may adversely affect our net cash flows.

Leasing activity and revenue from transient parking and our hotel improved during the third quarter of 2021. We signed approximately 1.4 million square feet of leases in the quarter, which represents more than double the leasing volume in the first quarter of 2021 and is approximately 90% of our pre-pandemic average for the third quarter. Our parking and hotel revenue also increased approximately 36% compared to the second quarter of 2021. We expect parking revenue to continue to improve gradually as the return to in-person work accelerates and hotel occupancy to remain low until the demand for business and leisure travel returns to historical levels.

Our primary uses of capital over the next twelve months will be the completion of our current and committed development and redevelopment projects, servicing the principal and interest payments on our outstanding indebtedness and satisfying our REIT distribution requirements.

As of September 30, 2021, we had nine properties under development or redevelopment. Our share of the remaining development and redevelopment costs that we expect to fund through 2024 was approximately $1.1 billion.

During the third quarter of 2021, BPLP completed a public "green bond" offering of $850.0 million of 2.450% unsecured senior notes due October 2033. The offering marked BPLP's fourth green bond offering and represented the lowest coupon ever issued by BPLP. The net proceeds from the offering along with available cash and borrowings under BPLP's Revolving Facility were used to fully redeem the $1.0 billion aggregate principal amount of 3.85% unsecured senior notes that were scheduled to mature in February 2023. The early repayment will result in a loss from early extinguishment of debt of approximately $43.9 million in the fourth quarter of 2021. This amount includes approximately $1.0 million of unamortized financing and other costs.

We have a SCP that provides us the opportunity to partner with large institutional investors and capitalize our investment opportunities partially through private equity. The SCP enhances our access to capital and investment capacity and further enhances our returns through fees paid to us, and in certain partnerships, a greater share of income upon achieving certain success criteria. These large financial partners include some of the world's largest sovereign wealth funds and pension plans. Our use of the SCP is consistent with our ongoing strategy to create value through opportunistic investments in high-quality office properties in markets with the strongest economic growth over time while maintaining a strong balance sheet and modest leverage. As part of the broader SCP, we announced in July 2021 the formation of an investment program with two large partners committing a targeted equity investment of $1.0 billion, including $250 million from us. Under this agreement, we will provide these partners, for up to two years, exclusive first offers to form joint ventures with us to invest in assets that meet the SCP's target criteria. All investments are discretionary to each partner.

For example, during the third quarter of 2021, we partnered with two SCP partners to acquire Safeco Plaza, a 50-story, approximately 765,000 net rentable square foot, LEED-Platinum certified, Class A office property located in Seattle, Washington. After mortgage financing, the partners contributed approximately $215 million to fund the acquisition. Each partner owns approximately a one-third ownership interest in the property (See Note 5 to the Consolidated Financial Statements).

In addition, we expect to acquire 360 Park Avenue South, located in New York, New York, for a purchase price of approximately $300 million in the fourth quarter of 2021. At closing, we will assume approximately $202 million of mortgage debt and issue approximately $98 million of OP Units, with a floor price of $111 per OP Unit. Other than customary closing costs, no cash is required to close the transaction. We expect to fund future investment in this asset through a joint venture with one or more financial partners from the SC Program. There can be no assurance that this acquisition will be consummated on the terms currently contemplated or at all.

On October 25, 2021, we completed the sale of our 181, 191 and 201 Spring Street properties, located in Lexington, Massachusetts, for a gross sales price of $191.5 million.

We have no debt maturities during the remainder of 2021. We have one loan maturing in 2022 that has an outstanding principal balance of approximately $618.7 million (of which our share is approximately $340.3 million). The loan is secured by our 601 Lexington Avenue property in New York. Our unconsolidated joint ventures have two loans maturing in 2022, of which our share of outstanding principal is approximately $147.0 million. We are currently in the market to refinance the 601 Lexington Avenue mortgage. Due to the increase in cash flow from this asset, due in part to the redevelopment completed earlier in 2021, we anticipate increasing the principal amount of the mortgage and reducing the interest rate as part of the refinancing. There can be no assurance that this refinancing will be consummated on the terms currently contemplated or at all.

Although the current and future impact of COVID-19 on our liquidity and capital resources will depend on a wide range of factors, we believe that our access to capital and our strong liquidity, including the approximately $1.2 billion available under the 2021 Credit Facility and available cash of approximately $362.7 million (of which approximately $122.2 million is attributable to our consolidated joint venture partners), as of November 2, 2021, is sufficient to fund our remaining capital requirements on existing development and redevelopment projects, repay our maturing indebtedness when due, satisfy our REIT distribution requirements and still allow us to act opportunistically on attractive investment opportunities.

We have not sold any shares under BXP's $600.0 million "at the market" equity offering program.

We may seek to enhance our liquidity to fund our foreseeable potential development activity, pursue additional attractive investment opportunities and refinance or repay indebtedness. Depending on interest rates and overall conditions in the debt and equity markets, we may decide to access either or both of these markets in advance of the need for the funds. Doing so may result in us carrying additional cash and cash equivalents pending our use of the proceeds, which would increase our net interest expense and be dilutive to our earnings.

***REIT Tax Distribution Considerations***

*Dividend*

BXP as a REIT is subject to a number of organizational and operational requirements, including a requirement that BXP currently distribute at least 90% of its annual taxable income (excluding capital gains and with certain other adjustments). Our policy is for BXP to distribute at least 100% of its taxable income, including capital gains, to avoid paying federal tax.

BXP's Board of Directors will continue to evaluate BXP's dividend rate in light of our actual and projected taxable income (including gains on sales), liquidity requirements and other circumstances, including the impact of COVID-19, and there can be no assurance that the future dividends declared by BXP's Board of Directors will not differ materially from the current quarterly dividend amount.

*Sales*

To the extent that we sell assets at a gain and cannot efficiently use the proceeds in a tax deferred manner for either our development activities or attractive acquisitions, BXP would, at the appropriate time, decide whether it is better to declare a special dividend, adopt a stock repurchase program, reduce indebtedness or retain the cash for future investment opportunities. Such a decision will depend on many factors including, among others, the timing, availability and terms of development and acquisition opportunities, our then-current and anticipated leverage, the cost and availability of capital from other sources, the price of BXP's common stock and REIT distribution requirements. At a minimum, we expect that BXP would distribute at least that amount of proceeds necessary for BXP to avoid paying corporate level tax on the applicable gains realized from any asset sales.

From time to time in select cases, whether due to a change in use, structuring issues to comply with applicable REIT regulations or other reasons, we may sell an asset that is held by a taxable REIT subsidiary ("TRS"). Such a sale by a TRS would be subject to federal and local taxes.

***Cash Flow Summary***

The following summary discussion of our cash flows is based on the Consolidated Statements of Cash Flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Cash and cash equivalents and cash held in escrows aggregated approximately $1.1 billion and $1.8 billion at September 30, 2021 and 2020, respectively, representing a decrease of approximately $0.7 billion. The following table sets forth changes in cash flows:

| | Nine months ended September 30, | | |
|---|---|---|---|
| | 2021 | 2020 | Increase (Decrease) |
| | | (in thousands) | |
| Net cash provided by operating activities | $ 786,859 | $ 782,423 | $ 4,436 |
| Net cash used in investing activities | (998,368) | (388,411) | (609,957) |
| Net cash provided by (used in) financing activities | (425,899) | 678,891 | (1,104,790) |

Our principal source of cash flow is related to the operation of our properties. The weighted-average term of our in-place leases, excluding residential units, was approximately 7.5 years as of September 30, 2021, including leases signed by our unconsolidated joint ventures, with occupancy rates historically in the range of 88% to 94%. Generally, our properties generate a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and fund regular quarterly dividend and distribution payment requirements. In addition, over the past several years, we have raised capital through the sale of some of our properties and through secured and unsecured borrowings.

The full extent of the impact of COVID-19 on our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict. In addition, we cannot predict the impact that COVID-19 will have on our tenants, employees, contractors, lenders, suppliers, vendors and joint venture partners; any material adverse effect on these parties could also have a material adverse effect on us.

Cash is used in investing activities to fund acquisitions, development, net investments in unconsolidated joint ventures and maintenance and repositioning capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills and invest in existing buildings to enhance or maintain our market position. Cash used in investing activities for the nine months ended September 30, 2021 consisted primarily of acquisitions of real estate, development projects, building and tenant improvements and capital contributions to unconsolidated joint ventures, partially offset by proceeds from sale of investment in unconsolidated joint ventures. Cash used in investing activities for the nine months ended September 30, 2020 consisted primarily of acquisitions of real estate, development projects, building and tenant improvements and capital contributions to unconsolidated joint ventures, partially offset by the proceeds from the sale of real estate and capital distribution from unconsolidated joint ventures, as detailed below:

| | Nine months ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (in thousands) | |
| Acquisitions of real estate (1) | $ (218,679) | $ (135,698) |
| Construction in progress (2) | (381,104) | (358,824) |
| Building and other capital improvements | (103,840) | (116,894) |
| Tenant improvements | (218,878) | (172,401) |
| Proceeds from sales of real estate (3) | — | 505,679 |
| Capital contributions to unconsolidated joint ventures (4) | (95,462) | (158,374) |
| Capital distributions from unconsolidated joint ventures (5) | 122 | 55,123 |
| Proceeds from sale of investment in unconsolidated joint venture (6) | 17,789 | — |
| Issuance of note receivable, net (7) | — | (9,800) |
| Investments in securities, net | 1,684 | 2,778 |
| Net cash used in investing activities | $ (998,368) | $ (388,411) |

Cash used in investing activities changed primarily due to the following:

(1) On August 2, 2021, we acquired Shady Grove Bio+Tech Campus in Rockville, Maryland, for a purchase price, including transaction costs, of approximately $118.5 million in cash. Shady Grove Bio+Tech Campus is an approximately 435,000 net rentable square foot, seven-building office park situated on an approximately 31-acre site.

On June 2, 2021, we acquired 153 & 211 Second Avenue located in Waltham, Massachusetts for a purchase price of approximately $100.2 million in cash. 153 & 211 Second Avenue consists of two life sciences lab buildings totaling approximately 137,000 net rentable square feet.

On July 31, 2020, we acquired an undivided ownership interest in real property at 759 Harrison Street located in San Francisco, California for a purchase price totaling approximately $2.3 million.

On June 26, 2020, we completed the acquisition of real property at 777 Harrison Street (known as Fourth + Harrison and formerly known as 425 Fourth Street) located in San Francisco, California for a gross purchase price, including entitlements, totaling approximately $140.1 million. Fourth + Harrison is expected to support the development of approximately 804,000 square feet of primarily commercial office space.

(2) Construction in progress for the nine months ended September 30, 2021 includes ongoing expenditures associated with One Five Nine East 53rd Street, which was completed and fully placed in-service during the nine months ended September 30, 2021. In addition, we incurred costs associated with our continued development/redevelopment of 200 West Street, 325 Main Street, 2100 Pennsylvania Avenue, Reston Next, 180 CityPoint, View Boston Observatory at The Prudential Center and 880 Winter Street.

Construction in progress for the nine months ended September 30, 2020 includes ongoing expenditures associated with 17Fifty Presidents Street, 20 CityPoint and The Skylyne, which were partially or fully placed in-service during the nine months ended September 30, 2020. In addition, we incurred costs associated with our continued development/redevelopment of One Five Nine East 53rd Street, Reston Next, 2100 Pennsylvania Avenue, 200 West Street and 325 Main Street.

(3) On June 25, 2020, we completed the sale of a portion of our Capital Gallery property located in Washington, DC for a gross sales price of approximately $253.7 million. Net cash proceeds totaled approximately $246.6 million, resulting in a gain on sale of real estate totaling approximately $203.6 million for BXP and approximately $207.0 million for BPLP. Capital Gallery is an approximately 631,000 net rentable square foot Class A office property. The portion sold is comprised of approximately 455,000 net rentable square feet of commercial office space. We continue to own the land, underground parking garage and remaining commercial office and retail space containing approximately 176,000 net rentable square feet at the property.

On February 20, 2020, we completed the sale of New Dominion Technology Park located in Herndon, Virginia for a gross sales price of $256.0 million. Net cash proceeds totaled approximately $254.0 million, resulting in a gain on sale of real estate totaling approximately $192.3 million for BXP and approximately $197.1 million for BPLP. New Dominion Technology Park is comprised of two Class A office properties aggregating approximately 493,000 net rentable square feet.

(4) Capital contributions to unconsolidated joint ventures for the nine months ended September 30, 2021 consisted primarily of cash contributions of approximately $72.6 million and $11.4 million to our Safeco Plaza and Santa Monica Business Park joint ventures, respectively. On September 1, 2021, we entered into a new joint venture for Safeco Plaza located in Seattle, Washington (See Note 5 to the Consolidated Financial Statements).

Capital contributions to unconsolidated joint ventures for the nine months ended September 30, 2020 consisted primarily of cash contributions of approximately $75.0 million, $39.0 million, $27.2 million and $7.5 million to our Platform 16, 3 Hudson Boulevard, Beach Cities Media Center and Metropolitan Square joint ventures, respectively.

(5) Capital distributions from unconsolidated joint ventures for the nine months ended September 30, 2020 consisted of cash distributions totaling (1) approximately $22.5 million from our Metropolitan Square joint venture resulting from the excess proceeds from the refinancing of the mortgage loan on the property, (2) approximately $17.9 million from our Annapolis Junction joint venture resulting from available cash and the

net proceeds from the sale of Annapolis Junction Building Eight and two land parcels after the pay down of the mortgage loan and (3) approximately $14.0 million from our Colorado Center joint venture resulting from the excess proceeds from the mortgage financing on the property that occurred during 2017, which proceeds were released from lender reserves.

(6) On March 30, 2021, we completed the sale of our 50% ownership interest in Annapolis Junction NFM LLC (the “Annapolis Junction Joint Venture”) to the joint venture partner for a gross sales price of $65.9 million. Net cash proceeds to us totaled approximately $17.8 million after repayment of our share of debt totaling approximately $15.1 million.

(7) Issuance of notes receivable, net consisted of the $10.0 million of financing provided to an affiliate of our partner in the joint venture that owns and is developing 7750 Wisconsin Avenue located in Bethesda, Maryland. The financing bears interest at a fixed rate of 8.00% per annum, compounded monthly, and matures on the fifth anniversary of the date on which the base building of the affiliate of our partner’s hotel property is substantially completed. The loan is collateralized by a pledge of the partner’s equity interest in our joint venture that owns and is developing 7750 Wisconsin Avenue.

Cash used in financing activities for the nine months ended September 30, 2021 totaled approximately $425.9 million. This amount consisted primarily of (1) the redemption of BPLP’s $850.0 million in aggregate principal amount of its 4.125% senior notes due 2021, (2) the repayment of the Delayed Draw Facility under the 2017 Credit Facility, (3) redemption of the Series B Preferred Stock, (4) payment of our regular dividends and distributions to our shareholders and unitholders and (5) distributions to noncontrolling interest holders in property partnership. These decreases were partially offset by the proceeds from the issuance by BPLP of (1) $850.0 million in aggregate principal amount of its 2.550% senior unsecured notes due 2032 and (2) $850.0 million in aggregate principal amount of its 2.450% senior unsecured notes due 2033. Future debt payments are discussed below under the heading *“Capitalization—Debt Financing*.”

### *Capitalization*

The following table presents Consolidated Market Capitalization and BXP’s Share of Market Capitalization, as well as the corresponding ratios of Consolidated Debt to Consolidated Market Capitalization and BXP’s Share of Debt to BXP’s Share of Market Capitalization (in thousands except for percentages):

| | September 30, 2021 | | | |
|---|---|---|---|---|
| | **Shares / Units Outstanding** | **Common Stock Equivalent** | **Equivalent Value (1)** | |
| Common Stock | 156,206 | 156,206 | $ 16,924,920 | |
| Common Operating Partnership Units | 17,477 | 17,477 | 1,893,633 | (2) |
| Total Equity | | 173,683 | $ 18,818,553 | |
| | | | | |
| **Consolidated Debt** | | | $ 13,378,350 | |
| Add: | | | | |
| BXP’s share of unconsolidated joint venture debt (3) | | | 1,289,582 | |
| Subtract: | | | | |
| Partners’ share of Consolidated Debt (4) | | | (1,190,479) | |
| **BXP’s Share of Debt** | | | $ 13,477,453 | |
| | | | | |
| **Consolidated Market Capitalization** | | | $ 32,196,903 | |
| **BXP’s Share of Market Capitalization** | | | $ 32,296,006 | |
| **Consolidated Debt/Consolidated Market Capitalization** | | | 41.55 % | |
| **BXP’s Share of Debt/BXP’s Share of Market Capitalization** | | | 41.73 % | |

(1) Values are based on the closing price per share of BXP’s Common Stock on the New York Stock Exchange on September 30, 2021 of $108.35.
(2) Includes long-term incentive plan units (including 2012 OPP Units and 2013 - 2018 MYLTIP Units) but excludes MYLTIP Units granted between 2019 and 2021 because the three-year performance period has not ended.

(3) See page 92 for additional information.
(4) See page 91 for additional information.

Consolidated Debt to Consolidated Market Capitalization Ratio is a measure of leverage commonly used by analysts in the REIT sector. We present this measure as a percentage and it is calculated by dividing (A) our consolidated debt by (B) our consolidated market capitalization, which is the market value of our outstanding equity securities plus our consolidated debt. Consolidated market capitalization is the sum of:

(1) our consolidated debt; plus

(2) the product of (x) the closing price per share of BXP common stock on September 30, 2021, as reported by the New York Stock Exchange, multiplied by (y) the sum of:

(i) the number of outstanding shares of common stock of BXP,

(ii) the number of outstanding OP Units in BPLP (excluding OP Units held by BXP),

(iii) the number of OP Units issuable upon conversion of all outstanding LTIP Units, assuming all conditions have been met for the conversion of the LTIP Units, and

(iv) the number of OP Units issuable upon conversion of 2012 OPP Units, 2013 - 2018 MYLTIP Units that were issued in the form of LTIP Units.

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, 2019 - 2021 MYLTIP Units are not included in this calculation as of September 30, 2021.

We also present BXP's Share of Market Capitalization and BXP's Share of Debt/BXP's Share of Market Capitalization, which are calculated in the same manner, except that BXP's Share of Debt is utilized instead of our consolidated debt in both the numerator and the denominator. BXP's Share of Debt is defined as our consolidated debt plus our share of debt from our unconsolidated joint ventures (calculated based upon our ownership percentage), minus our partners' share of debt from our consolidated joint ventures (calculated based upon the partners' percentage ownership interests adjusted for basis differentials). Management believes that BXP's Share of Debt provides useful information to investors regarding our financial condition because it includes our share of debt from unconsolidated joint ventures and excludes our partners' share of debt from consolidated joint ventures, in each case presented on the same basis. We have several significant joint ventures and presenting various measures of financial condition in this manner can help investors better understand our financial condition and/or results of operations after taking into account our economic interest in these joint ventures. We caution investors that the ownership percentages used in calculating BXP's Share of Debt 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 for routine and major decisions), distributions, transferability of interests, financing and guarantees, liquidations and other matters. Moreover, in some cases we exercise significant influence over, but do not control, the joint venture in which case GAAP requires that we account for the joint venture entity using the equity method of accounting and we do not consolidate it for financial reporting purposes. In other cases, GAAP requires that we consolidate the venture even though our partner(s) own(s) a significant percentage interest. As a result, management believes that the presentation of BXP's Share of a financial measure should not be considered a substitute for, and should only be considered with and as a supplement to our financial information presented in accordance with GAAP.

We present these supplemental ratios because our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes 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 BXP and as such will fluctuate with changes in such price, and they do not necessarily reflect our capacity to incur additional debt to finance our activities or our ability to manage our existing debt obligations. However, for a company like BXP, 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 our outstanding indebtedness.

For a discussion of our unconsolidated joint venture indebtedness, see "*Liquidity and Capital Resources—Capitalization—Off-Balance Sheet Arrangements—Joint Venture Indebtedness*" within "*Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations*" and for a discussion of our consolidated joint venture indebtedness see *"Liquidity and Capital Resources—Capitalization—Mortgage Notes Payable*" within "*Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations*."

***Debt Financing***

As of September 30, 2021, we had approximately $13.4 billion of outstanding consolidated indebtedness, representing approximately 41.55% of our Consolidated Market Capitalization as calculated above consisting of approximately (1) $10.5 billion (net of discount and deferred financing fees) in publicly traded unsecured senior notes having a GAAP weighted-average interest rate of 3.48% per annum and maturities in 2023 through 2033 and (2) $2.9 billion (net of deferred financing fees) of property-specific mortgage debt having a GAAP weighted-average interest rate of 3.89% per annum and a weighted-average term of 4.6 years.

The table below summarizes the aggregate carrying value of our mortgage notes payable and BPLP's unsecured senior notes, line of credit and term loan, as well as Consolidated Debt Financing Statistics at September 30, 2021 and September 30, 2020.

| | September 30, 2021 | September 30, 2020 |
|---|---|---|
| | (dollars in thousands) | |
| **Debt Summary:** | | |
| Balance | | |
| Fixed rate mortgage notes payable, net | $ 2,898,699 | $ 2,912,494 |
| Unsecured senior notes, net | 10,479,651 | 9,636,397 |
| Unsecured line of credit | — | — |
| Unsecured term loan, net | — | 499,270 |
| Consolidated Debt | 13,378,350 | 13,048,161 |
| Add: | | |
| BXP's share of unconsolidated joint venture debt, net (1) | 1,289,582 | 1,114,031 |
| Subtract: | | |
| Partners' share of consolidated mortgage notes payable, net (2) | (1,190,479) | (1,195,957) |
| BXP's Share of Debt | $ 13,477,453 | $ 12,966,235 |

| | September 30, 2021 | September 30, 2020 |
|---|---|---|
| **Consolidated Debt Financing Statistics:** | | |
| Percent of total debt: | | |
| Fixed rate | 100.00 % | 96.17 % |
| Variable rate | — % | 3.83 % |
| Total | 100.00 % | 100.00 % |
| GAAP Weighted-average interest rate at end of period: | | |
| Fixed rate | 3.57 % | 3.75 % |
| Variable rate | — % | 1.18 % |
| Total | 3.57 % | 3.65 % |
| Coupon/Stated Weighted-average interest rate at end of period: | | |
| Fixed rate | 3.47 % | 3.65 % |
| Variable rate | — % | 1.09 % |
| Total | 3.47 % | 3.55 % |
| Weighted-average maturity at end of period (in years): | | |
| Fixed rate | 5.9 | 5.8 |
| Variable rate | — | 1.6 |
| Total | 5.9 | 5.6 |

(1) See page 92 for additional information.
(2) See page 91 for additional information.

***Unsecured Credit Facility***

On March 16, 2021, BPLP repaid $500.0 million, representing all amounts outstanding, on the Delayed Draw Facility under the 2017 Credit Facility. We recognized a loss from early extinguishment of debt totaling approximately $0.5 million, related to unamortized financing costs.

On June 15, 2021, BPLP amended and restated the 2017 Credit Facility and entered into the 2021 Credit Facility. The 2021 Credit Facility provides for borrowings of up to $1.5 billion through the Revolving Facility, subject to customary conditions. Among other things, the amendment and restatement (1) extended the maturity date to June 15, 2026, (2) eliminated the $500.0 million Delayed Draw Facility provided under the 2017 Credit Facility, (3) reduced the per annum variable interest rates on borrowings and (4) added a sustainability-linked pricing component. Under the 2021 Credit Facility, BPLP may increase the total commitment by up to $500.0 million by increasing the amount of the Revolving Facility and/or by incurring one or more term loans, in each case, subject to syndication of the increase and other conditions (See Note 8 to the Consolidated Financial Statements).

The 2021 Credit Facility replaces the 2017 Credit Facility, which consisted of a $1.5 billion unsecured revolving line of credit and a $500.0 million Delayed Draw Facility, and was scheduled to expire on April 24, 2022.

As of September 30, 2021, BPLP had no borrowings under its 2021 Credit Facility and outstanding letters of credit totaling approximately $6.3 million, with the ability to borrow approximately $1.5 billion. As of November 2, 2021, BPLP had $310.0 million of borrowings under its 2021 Credit Facility and outstanding letters of credit totaling approximately $6.3 million, with the ability to borrow approximately $1.2 billion.

***Unsecured Senior Notes***

For a description of BPLP's outstanding unsecured senior notes as of September 30, 2021, see Note 7 to the Consolidated Financial Statements.

On February 14, 2021, BPLP completed the redemption of $850.0 million in aggregate principal amount of its 4.125% senior notes due May 15, 2021. The redemption price was approximately $858.7 million, which was equal to the stated principal plus approximately $8.7 million of accrued and unpaid interest to, but not including, the redemption date. Excluding the accrued and unpaid interest, the redemption price was equal to the principal amount being redeemed. We recognized a loss from early extinguishment of debt totaling approximately $0.4 million, related to unamortized origination costs.

On March 16, 2021, BPLP completed a public offering of $850.0 million in aggregate principal amount of its 2.550% unsecured senior notes due 2032. The notes were priced at 99.570% of the principal amount to yield an effective rate (including financing fees) of approximately 2.671% per annum to maturity. The notes will mature on April 1, 2032, unless earlier redeemed. The aggregate net proceeds from the offering were approximately $839.2 million after deducting underwriting discounts and transaction expenses.

On September 29, 2021, BPLP completed a public offering of $850.0 million in aggregate principal amount of its 2.450% unsecured senior notes due 2033. The notes were priced at 99.959% of the principal amount to yield an effective rate (including financing fees) of approximately 2.524% per annum to maturity. The notes will mature on October 1, 2033, unless earlier redeemed. The aggregate net proceeds from the offering were approximately $842.5 million after deducting underwriting discounts and transaction expenses.

On October 15, 2021, BPLP used available cash and funds under its 2021 Credit Facility to complete the redemption of $1.0 billion in aggregate principal amount of its 3.85% senior notes due February 1, 2023. The redemption price was approximately $1.05 billion, which included approximately $7.9 million of accrued and unpaid interest to, but not including, the redemption date and an early redemption premium and unamortized financing costs totaling approximately $43.9 million.

The indenture relating to the unsecured senior notes contains certain financial restrictions and requirements, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of greater than 1.50, and (4) an unencumbered asset value of not less than 150% of unsecured debt. At September 30, 2021, BPLP was in compliance with each of these financial restrictions and requirements.

***Mortgage Notes Payable***

The following represents the outstanding principal balances due under the mortgage notes payable at September 30, 2021:

| Properties | Stated Interest Rate | GAAP Interest Rate (1) | Stated Principal Amount | Deferred Financing Costs, Net | Carrying Amount | Carrying Amount (Partners' Share) | | Maturity Date |
|---|---|---|---|---|---|---|---|---|
| | | | (dollars in thousands) | | | | | |
| **Consolidated Joint Ventures** | | | | | | | | |
| 767 Fifth Avenue (the General Motors Building) | 3.43 % | 3.64 % | $ 2,300,000 | $ (19,857) | $ 2,280,143 | $ 912,128 | (2)(3)(4) | June 9, 2027 |
| 601 Lexington Avenue | 4.75 % | 4.79 % | 618,725 | (169) | 618,556 | 278,351 | (5) | April 10, 2022 |
| Total | | | $ 2,918,725 | $ (20,026) | $ 2,898,699 | $ 1,190,479 | | |

(1) GAAP interest rate differs from the stated interest rate due to the inclusion of the amortization of financing charges and the effects of hedging transactions (if any).
(2) The mortgage loan requires interest only payments with a balloon payment due at maturity.
(3) This property is owned by a consolidated entity in which we have a 60% interest. The partners' share of the carrying amount has been adjusted for basis differentials.
(4) In connection with the refinancing of the loan, we guaranteed the consolidated entity's obligation to fund various reserves for tenant improvement costs and allowances, leasing commissions and free rent obligations in lieu of cash deposits. As of September 30, 2021, the maximum funding obligation under the guarantee was approximately $20.3 million. We earn a fee from the joint venture for providing the guarantee and have an agreement with our partners to reimburse the joint venture for their share of any payments made under the guarantee (See Note 9 to the Consolidated Financial Statements).
(5) This property is owned by a consolidated entity in which we have a 55% interest.

***Off-Balance Sheet Arrangements—Joint Venture Indebtedness***

We have investments in unconsolidated joint ventures with our effective ownership interests ranging from 20% to 55%. Fourteen of these ventures have mortgage indebtedness. We exercise significant influence over, but do not control, these entities. As a result, we account for them using the equity method of accounting. See also Note 5 to the Consolidated Financial Statements. At September 30, 2021, the aggregate carrying amount of debt, including both our and our partners' share, incurred by these ventures was approximately $3.0 billion (of which our proportionate share is approximately $1.3 billion). The table below summarizes the outstanding debt of these joint venture properties at September 30, 2021. In addition to other guarantees specifically noted in the table, we have agreed to customary environmental indemnifications and nonrecourse carve-outs (e.g., guarantees against fraud, misrepresentation and bankruptcy) as well as the completion of development projects on certain of the loans.

| Properties | Nominal % Ownership | Stated Interest Rate | GAAP Interest Rate (1) | Stated Principal Amount | Deferred Financing Costs, Net | Carrying Amount | Carrying Amount (Our share) | | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (dollars in thousands) | | | | | |
| Santa Monica Business Park | 55.00 % | 4.06 % | 4.24 % | $ 300,000 | $ (2,003) | $ 297,997 | $ 163,899 | (2)(3) | July 19, 2025 |
| Market Square North | 50.00 % | 2.80 % | 2.96 % | 125,000 | (848) | 124,152 | 62,076 | (2)(4) | November 10, 2025 |
| 1265 Main Street | 50.00 % | 3.77 % | 3.84 % | 36,694 | (285) | 36,409 | 18,204 | | January 1, 2032 |
| Colorado Center | 50.00 % | 3.56 % | 3.58 % | 550,000 | (602) | 549,398 | 274,699 | (2) | August 9, 2027 |
| Dock 72 | 50.00 % | 3.10 % | 3.32 % | 196,412 | (1,178) | 195,234 | 97,617 | (2)(5) | December 18, 2023 |
| The Hub on Causeway - Podium | 50.00 % | 2.34 % | 2.50 % | 174,329 | (561) | 173,768 | 86,884 | (2)(6) | September 6, 2023 |
| Hub50House | 50.00 % | 2.08 % | 2.37 % | 176,468 | (297) | 176,171 | 88,085 | (2)(7) | April 19, 2022 |
| 100 Causeway Street | 50.00 % | 1.59 % | 1.81 % | 297,206 | (1,624) | 295,582 | 147,791 | (2)(8) | September 5, 2023 |
| 7750 Wisconsin Avenue (Marriott International Headquarters) | 50.00 % | 1.34 % | 1.88 % | 208,071 | (2,204) | 205,867 | 102,933 | (2)(9) | April 26, 2023 |
| Safeco Plaza | 33.67 % | 2.35 % | 2.50 % | 250,000 | (1,798) | 248,202 | 83,570 | (2)(10) | September 1, 2026 |
| 500 North Capitol Street, NW | 30.00 % | 4.15 % | 4.20 % | 105,000 | (99) | 104,901 | 31,470 | (2) | June 6, 2023 |
| 901 New York Avenue | 25.00 % | 3.61 % | 3.69 % | 217,851 | (581) | 217,270 | 54,318 | | January 5, 2025 |
| 3 Hudson Boulevard | 25.00 % | 3.59 % | 3.67 % | 80,000 | (112) | 79,888 | 19,972 | (2)(11) | July 13, 2023 |
| Metropolitan Square | 20.00 % | 5.40 % | 6.90 % | 294,073 | (3,751) | 290,322 | 58,064 | (2)(12) | July 7, 2022 |
| Total | | | | $ 3,011,104 | $ (15,943) | $ 2,995,161 | $ 1,289,582 | | |

(1) GAAP interest rate differs from the stated interest rate due to the inclusion of the amortization of financing charges, which includes mortgage recording fees.
(2) The loan requires interest only payments with a balloon payment due at maturity.

(3) The loan bears interest at a variable rate equal to LIBOR plus 1.28% per annum and matures on July 19, 2025. A subsidiary of the joint venture entered into interest rate swap contracts with notional amounts aggregating $300.0 million through April 1, 2025, resulting in a fixed rate of approximately 4.063% per annum through the expiration of the interest rate swap contracts.
(4) The loan bears interest at a variable rate equal to (1) the greater of (x) LIBOR or (y) 0.50%, plus (2) 2.30% per annum and matures on November 10, 2025, with one, one-year extension option, subject to certain conditions.
(5) The construction financing has a borrowing capacity of $250.0 million. The construction financing bears interest at a variable rate equal to (1) the greater of (x) LIBOR or (y) 0.25%, plus (2) 2.85% per annum and matures on December 18, 2023.
(6) The construction financing had a borrowing capacity of $204.6 million. On September 16, 2019, the joint venture paid down the construction loan principal balance in the amount of approximately $28.8 million, reducing the borrowing capacity to $175.8 million. The construction financing bears interest at a variable rate equal to LIBOR plus 2.25% per annum and matures on September 6, 2023.
(7) The construction financing has a borrowing capacity of $180.0 million. The construction financing bears interest at a variable rate equal to LIBOR plus 2.00% per annum and matures on April 19, 2022, with two, one-year extension options, subject to certain conditions.
(8) The construction financing has a borrowing capacity of $400.0 million. The construction financing bears interest at a variable rate equal to LIBOR plus 1.50% per annum (LIBOR plus 1.375% per annum upon stabilization, as defined in the loan agreement) and matures on September 5, 2023, with two, one-year extension options, subject to certain conditions.
(9) The construction financing has a borrowing capacity of $255.0 million. The construction financing bears interest at a variable rate equal to LIBOR plus 1.25% per annum and matures on April 26, 2023, with two, one-year extension options, subject to certain conditions.
(10) The loan bears interest at a variable rate equal to the greater of (x) 2.35% or (y) LIBOR plus 2.20% per annum and matures on September 1, 2026.
(11) We provided $80.0 million of mortgage financing to the joint venture. The loan bears interest at a variable rate equal to LIBOR plus 3.50% per annum and matures on July 13, 2023, with extension options, subject to certain conditions. The loan has been reflected as Related Party Note Receivable, Net on our Consolidated Balance Sheets. As of September 30, 2021, the loan has approximately $13.1 million of accrued interest due at the maturity date.
(12) The loan bears interest at a variable rate equal to (1) the greater of (x) LIBOR or (y) 0.65%, plus (2) 4.75% per annum and matures on July 7, 2022 with two, one-year extension options, subject to certain conditions. The joint venture entered into an interest rate cap agreement with a financial institution to limit its exposure to increases in the LIBOR rate at a cap of 3.00% per annum on a notional amount of $325.0 million through July 7, 2022.

*State and Local Tax Matters*

Because BXP is organized and qualifies as a REIT, it is generally not subject to federal income taxes, but is subject to certain state and local taxes. In the normal course of business, certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits or other inquiries. Although we believe that we have substantial arguments in favor of our position in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. Collectively, tax deficiency notices received to date from the jurisdictions conducting the ongoing audits have not been material. However, there can be no assurance that future audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations.

*Insurance*

For information concerning our insurance program, see Note 9 to the Consolidated Financial Statements.

*Funds from Operations*

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“Nareit”), we calculate Funds from Operations, or “FFO,” for each of BXP and BPLP by adjusting net income (loss) attributable to Boston Properties, Inc. common shareholders and net income (loss) attributable to Boston Properties Limited Partnership common unitholders (computed in accordance with GAAP), respectively, for gains (or losses) from sales of properties, impairment losses on depreciable real estate consolidated on our balance sheet, impairment losses on our 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 our share of real estate-related depreciation and amortization. FFO is a non-GAAP financial measure. We believe the presentation of FFO, combined with the presentation of required GAAP financial measures, improves the understanding of operating results of REITs among the investing public and helps make comparisons of REIT operating results more meaningful. Management generally considers FFO to be useful measures for understanding and comparing our 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 can help investors compare the operating performance of a company's real estate across reporting periods and to the operating performance of other companies.

Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current Nareit definition or that interpret the current Nareit definition differently. We believe that in order to facilitate a clear understanding of our operating results, FFO should be examined in conjunction with net income attributable to Boston Properties, Inc. common shareholders and net income attributable to Boston Properties Limited Partnership as presented in our Consolidated Financial Statements. FFO should not be considered as a substitute for net income attributable to Boston Properties, Inc. common shareholders or net income attributable to Boston Properties Limited Partnership common unitholders (determined in accordance with GAAP) or any other GAAP financial measures and should only be considered together with and as a supplement to our financial information prepared in accordance with GAAP.

The impact that COVID-19 has had on our business, financial position and results of operations is discussed throughout this report. The full extent of the impact of COVID-19 on our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict.

***Boston Properties, Inc.***

The following table presents a reconciliation of net income attributable to Boston Properties, Inc. common shareholders to FFO attributable to Boston Properties, Inc. common shareholders for the three months ended September 30, 2021 and 2020:

| | Three months ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (in thousands) | |
| Net income attributable to Boston Properties, Inc. common shareholders | $ 108,297 | $ 89,854 |
| Add: | | |
| Preferred dividends | — | 2,625 |
| Noncontrolling interest—common units of the Operating Partnership | 11,982 | 10,020 |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 |
| Net income | 139,250 | 118,060 |
| Add: | | |
| Depreciation and amortization | 179,412 | 166,456 |
| Noncontrolling interests in property partnerships' share of depreciation and amortization | (16,773) | (15,833) |
| BXP's share of depreciation and amortization from unconsolidated joint ventures | 17,803 | 20,413 |
| Corporate-related depreciation and amortization | (443) | (444) |
| Less: | | |
| Gains (losses) on sales of real estate | 348 | (209) |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 |
| Preferred dividends | — | 2,625 |
| Funds from Operations (FFO) attributable to the Operating Partnership common unitholders (including Boston Properties, Inc.) | 299,930 | 270,675 |
| Less: | | |
| Noncontrolling interest—common units of the Operating Partnership's share of funds from operations | 29,453 | 26,697 |
| Funds from Operations attributable to Boston Properties, Inc. common shareholders | $ 270,477 | $ 243,978 |
| Our percentage share of Funds from Operations—basic | 90.18 % | 90.14 % |
| Weighted average shares outstanding—basic | 156,183 | 155,645 |

Reconciliation to Diluted Funds from Operations:

| | Three months ended September 30, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Income (Numerator) | Shares/Units (Denominator) | Income (Numerator) | Shares/Units (Denominator) |
| | (in thousands) | | | |
| Basic Funds from Operations | $ 299,930 | 173,194 | $ 270,675 | 172,677 |
| Effect of Dilutive Securities: | | | | |
| Stock based compensation | — | 415 | — | 25 |
| Diluted Funds from Operations | $ 299,930 | 173,609 | $ 270,675 | 172,702 |
| Less: | | | | |
| Noncontrolling interest—common units of the Operating Partnership's share of diluted Funds from Operations | 29,393 | 17,011 | 26,693 | 17,032 |
| Diluted Funds from Operations attributable to Boston Properties, Inc. (1) | $ 270,537 | 156,598 | $ 243,982 | 155,670 |

(1) BXP's share of diluted Funds from Operations was 90.20% and 90.14% for the three months ended September 30, 2021 and 2020, respectively.

***Boston Properties Limited Partnership***

The following table presents a reconciliation of net income attributable to Boston Properties Limited Partnership common unitholders to FFO attributable to Boston Properties Limited Partnership common unitholders for the three months ended September 30, 2021 and 2020:

| | Three months ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (in thousands) | |
| Net income attributable to Boston Properties Limited Partnership common unitholders | $ 122,014 | $ 101,624 |
| Add: | | |
| Preferred distributions | — | 2,625 |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 |
| Net income | 140,985 | 119,810 |
| Add: | | |
| Depreciation and amortization | 177,677 | 164,706 |
| Noncontrolling interests in property partnerships' share of depreciation and amortization | (16,773) | (15,833) |
| BXP's share of depreciation and amortization from unconsolidated joint ventures | 17,803 | 20,413 |
| Corporate-related depreciation and amortization | (443) | (444) |
| Less: | | |
| Gains (losses) on sales of real estate | 348 | (209) |
| Noncontrolling interests in property partnerships | 18,971 | 15,561 |
| Preferred distributions | — | 2,625 |
| Funds from Operations attributable to Boston Properties Limited Partnership common unitholders (1) | $ 299,930 | $ 270,675 |
| Weighted average shares outstanding—basic | 173,194 | 172,677 |

(1) Our calculation includes OP Units and vested LTIP Units (including vested 2012 OPP Units and vested 2013 - 2018 MYLTIP Units).

Reconciliation to Diluted Funds from Operations:

| | Three months ended September 30, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | (in thousands) | | | |
| | Income (Numerator) | Shares/Units (Denominator) | Income (Numerator) | Shares/Units (Denominator) |
| Basic Funds from Operations | $ 299,930 | 173,194 | $ 270,675 | 172,677 |
| Effect of Dilutive Securities: | | | | |
| Stock based compensation | — | 415 | — | 25 |
| Diluted Funds from Operations | $ 299,930 | 173,609 | $ 270,675 | 172,702 |

**Contractual Obligations**

We have various service contracts with vendors related to our property management. In addition, we have certain other contracts we enter into in the ordinary course of business that may extend beyond one year. These contracts include terms that provide for cancellation with insignificant or no cancellation penalties. Contract terms are generally between three and five years.

During the three months ended September 30, 2021, we paid approximately $67.8 million to fund tenant-related obligations, including tenant improvements and leasing commissions.

In addition, during the three months ended September 30, 2021, we and our unconsolidated joint venture partners incurred approximately $102.9 million of new tenant-related obligations associated with approximately 1.4 million square feet of second generation leases, or approximately $73 per square foot. We did not sign any first generation leases during the three months ended September 30, 2021. The tenant-related obligations for the development properties are included within the projects' "Estimated Total Investment" referred to in *"Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."*

**ITEM 3—*Quantitative and Qualitative Disclosures about Market Risk.***

The following table presents the aggregate carrying value of our mortgage notes payable, net, unsecured senior notes, net, unsecured line of credit and our corresponding estimate of fair value as of September 30, 2021. As of September 30, 2021, all of these borrowings bore interest at fixed rates and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents our aggregate debt obligations with corresponding weighted-average interest rates sorted by maturity date.

The table below does not include our unconsolidated joint venture debt. For a discussion concerning our unconsolidated joint venture debt, see Note 5 to the Consolidated Financial Statements and "*Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations—Capitalization—Off-Balance Sheet Arrangements—Joint Venture Indebtedness.*"

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026+ | Total | Estimated Fair Value |
|---|---|---|---|---|---|---|---|---|
| | **(dollars in thousands)** | | | | | | | |
| | **Mortgage debt, net** | | | | | | | |
| Fixed Rate | $ 3,058 | $ 611,132 | $ (3,494) | $ (3,494) | $ (3,494) | $ 2,294,991 | $ 2,898,699 | $ 3,032,122 |
| GAAP Average Interest Rate | 4.79 % | 4.79 % | — % | — % | — % | 3.64 % | 3.89 % | |
| Variable Rate | — | — | — | — | — | — | — | — |
| | **Unsecured debt, net** | | | | | | | |
| Fixed Rate | $ (2,920) | $ (11,746) | $ 1,489,323 | $ 690,587 | $ 841,857 | $ 7,472,550 | $ 10,479,651 | $ 11,157,602 |
| GAAP Average Interest Rate | — % | — % | 3.73 % | 3.92 % | 3.35 % | 3.41 % | 3.48 % | |
| Variable Rate | — | — | — | — | — | — | — | — |
| Total Debt | $ 138 | $ 599,386 | $ 1,485,829 | $ 687,093 | $ 838,363 | $ 9,767,541 | $ 13,378,350 | $ 14,189,724 |

At September 30, 2021, the weighted-average coupon/stated rates on the fixed rate debt stated above was 3.47% per annum.

The fair value amounts were determined solely by considering the impact of hypothetical interest rates on our financial instruments. Due to the uncertainty of specific actions, we may undertake to minimize possible effects of market interest rate increases, this analysis assumes no changes in our financial structure.

On March 5, 2021, the Financial Conduct Authority ("FCA") announced that USD LIBOR will no longer be published after June 30, 2023. This announcement has several implications, including setting the spread that may be used to automatically convert contracts from LIBOR to the Secured Overnight Financing Rate ("SOFR"). Additionally, banking regulators are encouraging banks to discontinue new LIBOR debt issuances by December 31, 2021.

We anticipate that LIBOR will continue to be available at least until June 30, 2023. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

We and our unconsolidated joint ventures have contracts that are indexed to LIBOR and we are monitoring and evaluating the related risks. These risks arise in connection with transitioning contracts to an alternative rate, including any resulting value transfer that may occur, and are likely to vary by contract. The value of loans, securities, or derivative instruments tied to LIBOR, as well as interest rates on our unconsolidated joint ventures current or future indebtedness, may also be impacted if LIBOR is limited or discontinued. For some instruments the method of transitioning to an alternative reference rate may be challenging, especially if we cannot agree with the respective counterparty about how to make the transition.

While we expect LIBOR to be available in substantially its current form until at least the end of June 30, 2023, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

Alternative rates and other market changes related to the replacement of LIBOR, including the introduction of financial products and changes in market practices, may lead to risk modeling and valuation challenges, such as adjusting interest rate accrual calculations and building a term structure for an alternative rate.

The introduction of an alternative rate also may create additional basis risk and increased volatility as alternative rates are phased in and utilized in parallel with LIBOR.

Adjustments to systems and mathematical models to properly process and account for alternative rates will be required, which may strain the model risk management and information technology functions and result in substantial incremental costs for us.

**ITEM 4—Controls and Procedures.**

***Boston Properties, Inc.***

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, our management, with the participation of Boston Properties, Inc.'s Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, Boston Properties, Inc.'s Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting. No change in Boston Properties, Inc.'s internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) occurred during the third quarter of our fiscal year ending December 31, 2021 that has materially affected, or is reasonably likely to materially affect, Boston Properties, Inc.'s internal control over financial reporting.

***Boston Properties Limited Partnership***

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, the management of Boston Properties, Inc., the sole general partner of Boston Properties Limited Partnership, with the participation of its Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer of Boston Properties, Inc. concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting. No change in its internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) occurred during the third quarter of our fiscal year ending December 31, 2021 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1—Legal Proceedings.

We are subject to legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or liquidity.

### ITEM 1A—Risk Factors.

Except to the extent updated below or to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, “Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations”), there were no material changes to the risk factors disclosed in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020.

***Our use of joint ventures and participation in a co-investment program may limit our flexibility with jointly owned investments and other assets we may wish to acquire.***

In appropriate circumstances, we intend to acquire and recapitalize or develop, as applicable, properties in joint ventures with other persons or entities. We currently have joint ventures that are and are not consolidated within our financial statements. Our participation in joint ventures subjects us to risks, including but not limited to, the following risks that:

- our joint venture partners may have different objectives than we have regarding the appropriate timing and terms of any sale or refinancing of a property, its operation or, if applicable, the commencement of development activities, and we could become engaged in a dispute with any of our joint venture partners that could lead to the sale of either parties’ ownership interest or the property;
- some of our joint ventures are subject to debt and, depending on credit market conditions, the refinancing of such debt may require equity capital calls;
- our joint venture partners may be structured differently than us for tax purposes and this could create conflicts of interest, including with respect to our compliance with the REIT requirements, and our REIT status could be jeopardized if any of our joint ventures do not operate in compliance with REIT requirements;
- our joint venture partners may have competing interests in our markets that could create conflicts of interest;
- our joint venture partners may default on their obligations, which could necessitate that we fulfill their obligation ourselves;
- our joint ventures may be unable to repay any amounts that we may loan to them;
- our joint venture agreements may contain provisions limiting the liquidity of our interest for sale or sale of the entire asset;
- our subsidiaries that would be the general partner or managing member of the joint ventures could be generally liable, under applicable law or the governing agreement of a program venture, for the debts and obligations of the venture, subject to certain exculpation and indemnification rights pursuant to the terms of the governing agreement;
- our joint venture agreements may contain provisions that would allow partners to remove us as the general partner or managing member in certain cases involving cause;
- while we would have discretion to manage joint ventures for which we are the general partner or managing member, our partner(s)’ approval would be required to approve certain matters, and as a result, we may be unable to cause a joint venture to implement certain decisions that we consider beneficial; and
- with respect to our participation in the co-investment program, we could lose opportunities to pursue properties that are within the program’s target investment definition alone or with other partners with whom the terms of the joint venture and/or our returns could be more favorable to us.

## ITEM 2—Unregistered Sales of Equity Securities and Use of Proceeds

***Boston Properties, Inc.***

(a) None.

(b) Not Applicable.

(c) Issuer Purchases of Equity Securities.

| Period | (a) Total Number of Shares of Common Stock Purchased | | (b) Average Price Paid per Common Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased |
|---|---|---|---|---|---|
| July 1, 2021 – July 31, 2021 | 105 (1) | $ | 0.01 | N/A | N/A |
| August 1, 2021 – August 31, 2021 | 2,023 (1) | $ | 0.01 | N/A | N/A |
| September 1, 2021 – September 30, 2021 | — | $ | — | N/A | N/A |
| **Total** | 2,128 | $ | 0.01 | N/A | N/A |

(1) Represents shares of restricted common stock of BXP repurchased in connection with the termination of certain employees' employment with BXP. Under the terms of the applicable restricted stock award agreements, the shares were repurchased by BXP at a price of $0.01 per share, which was the amount originally paid by such employees for such shares.

***Boston Properties Limited Partnership***

(a) Each time BXP issues shares of stock (other than in exchange for common units when such common units are presented for redemption), it contributes the proceeds of such issuance to BPLP in return for an equivalent number of partnership units with rights and preferences analogous to the shares issued. During the three months ended September 30, 2021, in connection with issuances of common stock by BXP pursuant to issuances to employees of restricted common stock under the 2021 Plan and issuances of common stock under the Boston Properties, Inc. 1999 Non-Qualified Employee Stock Purchase Plan, BPLP issued an aggregate of 22,862 common units to BXP in exchange for approximately $452,250, the aggregate proceeds of such common stock issuances to BXP. Such units were issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

(b) Not Applicable.

(c) Issuer Purchases of Equity Securities.

| Period | (a) Total Number of Units Purchased | | (b) Average Price Paid per Unit | (c) Total Number of Units Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Units that May Yet be Purchased |
|---|---|---|---|---|---|
| July 1, 2021 – July 31, 2021 | 850 (1) | $ | 0.22 | N/A | N/A |
| August 1, 2021 – August 31, 2021 | 2,195 (2) | $ | 0.03 | N/A | N/A |
| September 1, 2021 – September 30, 2021 | — | $ | — | N/A | N/A |
| Total | 3,045 | $ | 0.08 | N/A | N/A |

(1) Includes 105 common units previously held by BXP that were redeemed in connection with the repurchase of shares of restricted common stock of BXP in connection with the termination of a certain employee's employment with BXP and 745 LTIP units that were repurchased by BPLP in connection with the termination of a certain employee's employment with BXP. Under the terms of the applicable restricted stock award agreement and LTIP unit vesting agreements, such shares were repurchased at a price of $0.01 per share and such LTIP units were repurchased at a price of $0.25 per LTIP unit, which were the amounts originally paid by such employee for such shares and LTIP units.

(2) Includes 2,023 common units previously held by BXP that were redeemed in connection with the repurchase of shares of restricted common stock of BXP in connection with the termination of a certain employee's employment with BXP and

172 LTIP units that were repurchased by BPLP in connection with the termination of a certain employee's employment with BXP. Under the terms of the applicable restricted stock award agreements and LTIP unit vesting agreement, such shares were repurchased at a price of $0.01 per share and such LTIP units were repurchased at a price of $0.25 per LTIP unit, which were the amounts originally paid by such employee for such shares and LTIP units.

**ITEM 3—Defaults Upon Senior Securities.**

None.

**ITEM 4—Mine Safety Disclosures.**

None.

**ITEM 5—Other Information.**

(a) None.

(b) None.

**ITEM 6—Exhibits.**

(a) Exhibits

| | | |
|---|---|---|
| 4.1 | — | Supplemental Indenture No. 23, dated as of September 29, 2021, between Boston Properties Limited Partnership and The Bank of New York Mellon Trust Company, N.A., as Trustee; including a form of the 2.450% Senior Note due 2033. (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Boston Properties, Inc. and Boston Properties Limited Partnership filed on September 29, 2021.) |
| 31.1 | — | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Boston Properties, Inc. (Filed herewith.) |
| 31.2 | — | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Boston Properties, Inc. (Filed herewith.) |
| 31.3 | — | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Boston Properties Limited Partnership. (Filed herewith.) |
| 31.4 | — | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Boston Properties Limited Partnership. (Filed herewith.) |
| 32.1 | — | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 for Boston Properties, Inc. (Furnished herewith.) |
| 32.2 | — | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 for Boston Properties, Inc. (Furnished herewith.) |
| 32.3 | — | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 for Boston Properties Limited Partnership. (Furnished herewith.) |
| 32.4 | — | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 for Boston Properties Limited Partnership. (Furnished herewith.) |
| 101.SCH | — | Inline XBRL Taxonomy Extension Schema Document. (Filed herewith.) |
| 101.CAL | — | Inline XBRL Taxonomy Extension Calculation Linkbase Document. (Filed herewith.) |
| 101.LAB | — | Inline XBRL Taxonomy Extension Label Linkbase Document. (Filed herewith.) |
| 101.PRE | — | Inline XBRL Taxonomy Extension Presentation Linkbase Document. (Filed herewith.) |
| 101.DEF | — | Inline XBRL Taxonomy Extension Definition Linkbase Document. (Filed herewith.) |
| 104 | — | Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101*.). (Filed herewith.) |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOSTON PROPERTIES, INC.

| | |
|---|---|
| November 5, 2021 | /s/ MICHAEL R. WALSH |
| | **Michael R. Walsh** |
| | **Chief Accounting Officer** |
| | **(duly authorized officer and principal accounting officer)** |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOSTON PROPERTIES LIMITED PARTNERSHIP
By: Boston Properties, Inc., its General Partner

November 5, 2021

/s/ MICHAEL R. WALSH

**Michael R. Walsh**
**Chief Accounting Officer**
**(duly authorized officer and principal accounting officer)**

**Exhibit 31.1**

**CERTIFICATION**

I, Owen D. Thomas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ OWEN D. THOMAS

**Owen D. Thomas**
**Chief Executive Officer**

**Exhibit 31.2**

# CERTIFICATION

I, Michael E. LaBelle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ MICHAEL E. LABELLE

**Michael E. LaBelle**
**Chief Financial Officer**

**Exhibit 31.3**

**CERTIFICATION**

I, Owen D. Thomas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Properties Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ OWEN D. THOMAS

**Owen D. Thomas**
**Chief Executive Officer of Boston Properties, Inc.**
**General Partner of Boston Properties Limited Partnership**

**Exhibit 31.4**

**CERTIFICATION**

I, Michael E. LaBelle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Properties Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ Michael E. LaBelle

**Michael E. LaBelle**
**Chief Financial Officer of Boston Properties, Inc.**
**General Partner of Boston Properties Limited Partnership**

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officer of Boston Properties, Inc. (the “Company”) hereby certifies to his knowledge that the Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification shall not be deemed “filed” for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: November 5, 2021

/s/ Owen D. Thomas

**Owen D. Thomas**
**Chief Executive Officer**

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officer of Boston Properties, Inc. (the "Company") hereby certifies to his knowledge that the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: November 5, 2021

/s/ MICHAEL E. LABELLE

**Michael E. LaBelle**
**Chief Financial Officer**

**Exhibit 32.3**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officer of Boston Properties, Inc., the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership"), hereby certifies to his knowledge that the Operating Partnership's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: November 5, 2021

/s/ OWEN D. THOMAS

**Owen D. Thomas**
**Chief Executive Officer of Boston Properties, Inc.**
**General Partner of Boston Properties Limited Partnership**

**Exhibit 32.4**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officer of Boston Properties, Inc., the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership"), hereby certifies to his knowledge that the Operating Partnership's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: November 5, 2021

/s/ Michael E. LaBelle

**Michael E. LaBelle**
**Chief Financial Officer of Boston Properties, Inc.**
**General Partner of Boston Properties Limited Partnership**