BOSTON PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ganization and Basis of Presentation

Organization

Boston Properties, Inc. (the "Company"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). The Company is the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership") and at December 31, 2011 owned an approximate 88.3% (86.2% at December 31, 2010) general and limited partnership interest in the Operating Partnership. Partnership interests in the Operating Partnership are denominated as "common units of partnership interest" (also referred to as "OP Units"), "long term incentive units of partnership interest" (also referred to as "LTIP Units") or "preferred units of partnership interest" (also referred to as "Preferred Units"). In addition, in February 2008 and February 2011, the Company issued LTIP Units in connection with the granting to employees of outperformance awards (also referred to as "2008 OPP Units" and "2011 OPP Units," respectively). Because the rights, preferences and privileges of 2008 OPP Units and 2011 OPP Units differ from other LTIP Units granted to employees as part of the annual compensation process, unless specifically noted otherwise, all references to LTIP Units exclude 2008 OPP Units and 2011 OPP Units. On February 5, 2011, the measurement period for the Company's 2008 OPP Unit awards expired and the Company's total return to shareholders ("TRS") was not sufficient for employees to earn and therefore become eligible to vest in any of the 2008 OPP Unit awards. Accordingly, all 2008 OPP Unit awards were automatically forfeited (See Note 17).

Unless specifically noted otherwise, all references to OP Units exclude units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating 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, the Operating Partnership must redeem such OP Unit for cash equal to the then value of a share of common stock of the Company ("Common Stock"). In lieu of a cash redemption, the Company may elect to acquire such 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 the Company 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. An LTIP Unit is generally the economic equivalent of a share of restricted common stock of the Company. LTIP 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 Note 17).

At December 31, 2011, there was one series of Preferred Units outstanding (i.e., Series Two Preferred Units). The Series Two Preferred Units bear a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be converted into OP Units at the election of the holder thereof or the Operating Partnership in accordance with the amendment to the partnership agreement (See Note 11).

All references to the Company refer to Boston Properties, Inc. and its consolidated subsidiaries, including the Operating Partnership, collectively, unless the context otherwise requires.

ties

At December 31, 2011, the Company owned or had interests in a portfolio of 153 commercial real estate properties (the "Properties") aggregating approximately 42.2 million net rentable square feet, including seven properties under construction totaling approximately 2.6 million net rentable square feet. In addition, the Company had structured parking for approximately 44,528 vehicles containing approximately 15.1 million square feet. At December 31, 2011, the Properties consist of:

- 146 office properties, including 128 Class A office properties (including six properties under construction) and 18 Office/Technical properties;

- one hotel;
- three retail properties; and
- three residential properties (including one property under construction).

The Company owns or controls undeveloped land parcels totaling approximately 510.5 acres. In addition, the Company has a noncontrolling interest in the Boston Properties Office Value-Added Fund, L.P. (the "Value-Added Fund"), which is a strategic partnership with two institutional investors through which the Company has pursued the acquisition of value-added investments in assets within its existing markets. The Company's investments through the Value-Added Fund are not included in its portfolio information or any other portfolio level statistics. At December 31, 2011, the Value-Added Fund had investments in 24 buildings comprised of an office property in Chelmsford, Massachusetts and office complexes in Mountain View, California.

The Company considers Class A office properties to be centrally located buildings that are professionally managed and maintained, that attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings. The Company considers Office/Technical properties to be properties that support office, research and development, laboratory and other technical uses. The Company's definitions of Class A Office and Office/Technical properties may be different than those used by other companies. Net rentable square feet amounts are unaudited.

Basis of Presentation

Boston Properties, Inc. does not have any other significant assets, liabilities or operations, other than its investment in the Operating Partnership, nor does it have employees of its own. The Operating Partnership, not Boston Properties, Inc., executes all significant business relationships. All majority-owned subsidiaries and affiliates over which the Company has financial and operating control and variable interest entities ("VIE"s) 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.

2. Summary of Significant Accounting Policies

Real Estate

Upon acquisitions of real estate, the Company assesses the fair value of acquired tangible and intangible assets (including land, buildings, tenant improvements, "above-" and "below-market" leases, leasing and assumed financing origination costs, acquired in-place leases, other identified intangible assets and assumed ies, and allocates the purchase price to the acquired assets and assumed liabilities, including land at appraised value and buildings as if vacant. The Company ses and considers fair value based on estimated cash flow projections that utilize discount and/or capitalization rates that it deems appropriate, as well as available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known and anticipated trends, and market and economic conditions. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. The Company also considers an allocation of purchase price of other acquired intangibles, including acquired in-place leases that may have a customer relationship intangible value, including (but not limited to) the nature and extent of the existing relationship with the tenants, the tenant's credit quality and expectations of lease renewals. Based on its acquisitions to date, the Company's allocation to customer relationship intangible assets has been immaterial.

The Company records acquired "above-" and "below-market" leases at their fair values (using a discount rate which reflects the risks associated with the leases acquired) equal to the difference between (1) the

contractual amounts to be paid pursuant to each in-place lease and (2) management's estimate of fair market lease rates for each corresponding in-place lease, me^^sured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal · for below- market leases. Other intangible assets acquired include amounts for in-place lease values that are based on the Company's evaluation of the specific c.. eristics of each tenant's lease. Factors to be considered include estimates of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, the Company considers leasing commissions, legal and other related expenses.

Management reviews its long-lived assets used in operations for impairment following the end of each quarter and when there is an event or change in circumstances that indicates an impairment in value. An impairment loss is recognized if the carrying amount of its assets is not recoverable and exceeds its fair value. If such criteria are present, an impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows on properties considered to be "long-lived assets to be held and used" are considered on an undiscounted basis to determine whether an asset has been impaired, the Company's established strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If the Company's strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized and such loss could be material. If the Company determines that impairment has occurred, the affected assets must be reduced to their fair value.

ASC 360 (formerly known as SFAS No. 144) requires that qualifying assets and liabilities and the results of operations that have been sold, or otherwise qualify as "held for sale," be presented as discontinued operations in all periods presented if the property operations are expected to be eliminated and the Company will not have significant continuing involvement following the sale. The components of the property's net income that is reflected as discontinued operations include the net gain (or loss) upon the disposition of the property held for sale, operating results, depreciation and interest expense (if the property is subject to a secured loan). The Company generally considers assets to be "held for sale" when the transaction has been approved by the Board of Directors, or a committee thereof, and there are no known significant contingencies relating to the sale, such that the property sale within one year is considered probable. Following the classification of a property as "held for sale," no further depreciation is recorded on the assets, and the asset is written down to the lower of carrying value or fair market value.

Real estate is stated at depreciated cost. A variety of costs are incurred in the acquisition, development and leasing of properties. The cost of buildings and improvements includes the purchase price of property, legal fees and other acquisition costs. Effective January 1, 2009, the Company was required to expense costs that an acquirer incurs to effect a business combination such as legal, due diligence and other closing related costs. Costs directly related to the development of properties are capitalized. Capitalized development costs include interest, internal wages, property taxes, insurance, and other project costs incurred during the period of development. After the determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determinations of when a development project commences and capitalization begins, and when a development project is substantially complete and held available for occupancy and capitalization must cease, involve a degree of judgment. The Company's capitalization policy on development properties is guided by guidance in ASC 835-20 "Capitalization of Interest" and ASC 970 "Real Estate – General" (formerly known as SFAS No. 34 "Capitalization of Interest Cost" and SFAS No. 67 "Accounting f Costs and the Initial Rental Operations of Real Estate Projects"). The costs of land and buildings under development include specifically identifiable costs. The 'ized costs include pre-construction costs necessary to the development of the property, development costs, construction costs, interest costs, real estate taxes, sa....es and related costs and other costs incurred during the period of development. The Company begins the capitalization of costs during the

pre-construction period, which it defines as activities that are necessary to the development of the property. The Company considers a construction project as sub-stantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction a... The Company ceases capitalization on the portion (1) substantially completed and (2) occupied or held available for occupancy, and capitalizes only those co... associated with the portion under construction, or if activities necessary for the development of the property have been suspended. Interest costs capitalized for the years ended December 31, 2011, 2010 and 2009 were $48.2 million, $41.0 million and $48.8 million, respectively. Salaries and related costs capitalized for the years ended December 31, 2011, 2010 and 2009 were $6.5 million, $6.2 million and $7.9 million, respectively.

Expenditures for repairs and maintenance are charged to operations as incurred. Significant betterments are capitalized. When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in net income or loss for the period.

The Company computes depreciation and amortization on properties using the straight-line method based on estimated useful asset lives. In accordance with ASC 805 (formerly known as SFAS No. 141(R)), the Company allocates the acquisition cost of real estate to land, building, tenant improvements, acquired "above-" and "below-market" leases, origination costs and acquired in-place leases based on an assessment of their fair value and depreciates or amortizes these assets (or liabilities) over their useful lives. The amortization of acquired "above-" and "below-market" leases and acquired in-place leases is recorded as an adjustment to revenue and depreciation and amortization, respectively, in the Consolidated Statements of Operations.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	25 to 40 years
Buildings and improvements	10 to 40 years
Tenant improvements	Shorter of useful life or terms of related lease
Furniture, fixtures, and equipment	3 to 7 years

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and investments with maturities of three months or less from the date of purchase. The majority of the Company's cash and cash equivalents are held at major commercial banks which may at times exceed the Federal Deposit Insurance Corporation limit of $250,000. The Company has not experienced any losses to date on its invested cash.

Cash Held in Escrows

Escrows include amounts established pursuant to various agreements for security deposits, property taxes, insurance and other costs.

...ents in Securities

The Company accounts for investments in trading securities at fair value, with gains or losses resulting from changes in fair value recognized currently in earnings. The designation of trading securities is generally determined at acquisition. The Company maintains a deferred compensation plan that is designed to allow officers of the Company to defer a portion of their current income on a pre-tax basis and receive a tax-deferred return on these deferrals. The Company's obligation under the plan is that of an unsecured promise to pay the deferred compensation to the plan participants in the future. At December 31, 2011 and 2010, the Company has funded approximately $9.5 million and $8.7 million, respectively, into a separate account, which is not restricted as to its use. The Company recognized gains (losses) of approximately $(0.4) million, $0.9 million and $2.2 million on its investments in the account associated with the Company's deferred compensation plan during the years ended December 31, 2011, 2010 and 2009, respectively.

Tenant and other receivables

and other accounts receivable, other than accrued rents receivable, are expected to be collected within one year.

Deferred Charges

Deferred charges include leasing costs and financing fees. Leasing costs include an allocation for acquired intangible in-place lease values and direct and incremental fees and costs incurred in the successful negotiation of leases, including brokerage, legal, internal leasing employee salaries and other costs which have been deferred and are being amortized on a straight-line basis over the terms of the respective leases. Internal leasing salaries and related costs capitalized for the years ended December 31, 2011, 2010 and 2009 were $4.4 million, $5.4 million and $3.3 million, respectively. External fees and costs incurred to obtain long-term financing have been deferred and are being amortized over the terms of the respective loans on a basis that approximates the effective interest method and are included with interest expense. Unamortized financing and leasing costs are charged to expense upon the early repayment or significant modification of the financing or upon the early termination of the lease, respectively. Fully amortized deferred charges are removed from the books upon the expiration of the lease or maturity of the debt.

Investments in Unconsolidated Joint Ventures

The Company consolidates variable interest entities in which it is considered to be the primary beneficiary. The primary beneficiary 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 variable interest entity's performance, and (2) the obligation to absorb losses and right to receive the returns from the variable interest entity that would be significant to the variable interest entity. Except for ownership interests in variable interest entities for which the Company is the primary beneficiary, the Company accounts for its investments in joint ventures under the equity method of accounting because it exercises significant influence over, but does not control, these entities. The Company's judgment with respect to its level of influence or control of an entity involves the consideration of various factors including the form of the Company's ownership interest, its representation in the entity's governance, the size of its investment (including loans), estimates of future cash flows, its ability to participate in policy making decisions and the rights of the other investors to participate in the decision making process and to replace the Company as manager and/or liquidate the venture, if applicable. The Company's assessment of its influence or control over an entity affects the presentation of these investments in the Company's consolidated financial statements.

These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on the balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in earnings of unconsolidated joint ventures over the life of the related asset. Under the equity method of accounting, the net equity investment of the Company is reflected within the Consolidated Balance Sheets, and the Company's share of net income or loss from the joint ventures is included within the Consolidated Statements of Operations. The joint venture agreements may designate different percentage allocations among investors for profits and losses, however, the Company's recognition of joint venture income or loss generally follows the joint venture's distribution priorities, which may change upon the achievement of certain investment return thresholds. The Company may account for cash distributions in excess of its investment in an unconsolidated joint venture as income when the Company is not the general partner in a limited partnership and when the Company has neither the requirement nor the intent to provide financial
-t to the joint venture. The Company's investments in unconsolidated joint ventures are reviewed for impairment periodically and the Company records
ment charges when events or circumstances change indicating that a decline in the fair values below the carrying values has occurred and such decline is other-than-temporary. The ultimate realization of the investment in unconsolidated joint ventures is dependent on a number of factors,

including the performance of each investment and market conditions. The Company will record an impairment charge if it determines that a decline in the value below the carrying value of an investment in an unconsolidated joint venture is other than temporary.

extent that the Company contributes assets to a joint venture, the Company's investment in the joint venture is recorded at the Company's cost basis in the assets that were contributed to the joint venture. To the extent that the Company's cost basis is different than the basis reflected at the joint venture level, the basis difference is amortized over the life of the related asset and included in the Company's share of equity in net income of the joint venture. In accordance with the provisions of ASC 970-323 "Investments—Equity Method and Joint Ventures" ("ASC 970-323") (formerly Statement of Position 78-9 "Accounting for Investments in Real Estate Ventures" ("SOP 78-9")), the Company will recognize gains on the contribution of real estate to joint ventures, relating solely to the outside partner's interest, to the extent the economic substance of the transaction is a sale.

Equity Offering Costs

Underwriting commissions and offering costs have been reflected as a reduction of additional paid-in capital.

Treasury Stock

The Company's share repurchases are reflected as treasury stock utilizing the cost method of accounting and are presented as a reduction to consolidated stockholders' equity.

Dividends

Earnings and profits, which determine the taxability of dividends to stockholders, will differ from income reported for financial reporting purposes due to the differences for federal income tax purposes in the treatment of gains on the sale of real property, revenue and expense recognition, compensation expense, and in the estimated useful lives and basis used to compute depreciation.

The tax treatment of common dividends per share for federal income tax purposes is as follows:

	For the year ended December 31,					
	2011		2010		2009	
	Per Share	%	Per Share	%	Per Share	%
Ordinary income	$ 2.06	97.39%	$ 1.17	58.39%	$ 2.15	90.93%
Capital gain income	0.05	2.61%	—	—	—	—
Return of capital	—	—	0.83	41.61%	0.21	9.07%
Total	$ 2.11	100.00%	$ 2.00	100.00%	$ 2.36	100.00%

Revenue Recognition

Contractual rental revenue is reported on a straight-line basis over the terms of the respective leases. The impact of the straight-line rent adjustment increased revenue by approximately $77.0 million, $85.1 million and $42.2 million for the years ended December 31, 2011, 2010 and 2009, respectively, as the revenue recorded exceeded amounts billed. In accordance with ASC 805 (formerly SFAS No. 141(R)), the Company recognizes rental revenue of acquired in-place "above-" and "below-market" leases at their fair values over the terms of the respective leases. The impact of the acquired in-place "above-" and "below-market" leases increased revenue by approximately $10.8 million, $2.4 million and $4.2 million for the years ended December 31, 2011, 2010 and 2009, respectively. Accrued rental income, as reported on the Consolidated Balance Sheets, represents

cumulative rental income earned in excess of rent payments received pursuant to the terms of the individual lease agreements. The Company maintains an allowance against accrued rental income for future potential tenant credit losses. The credit assessment is based on the estimated accrued rental income that is recoverable over [illegible] of the lease. The Company also maintains an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required rent p[illegible]ts. The computation of this allowance is based on the tenants' payment history and current credit status, as well as certain industry or geographic specific credit considerations. If the Company's estimates of collectability differ from the cash received, then the timing and amount of the Company's reported revenue could be impacted. The credit risk is mitigated by the high quality of the Company's existing tenant base, reviews of prospective tenants' risk profiles prior to lease execution and consistent monitoring of the Company's portfolio to identify potential problem tenants.

Recoveries from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs are recognized as revenue in the period during which the expenses are incurred. Tenant reimbursements are recognized and presented in accordance with guidance in ASC 605-45 "Principal Agent Considerations" ("ASC 605-45") (formerly known as Emerging Issues Task Force, or EITF, Issue 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent," or ("Issue 99-19")). ASC 605-45 requires that these reimbursements be recorded on a gross basis, as the Company is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and has credit risk. The Company also receives reimbursement of payroll and payroll related costs from third parties which the Company reflects on a net basis in accordance with ASC 605-45.

The Company's hotel revenues are derived from room rentals and other sources such as charges to guests for long-distance telephone service, fax machine use, movie and vending commissions, meeting and banquet room revenue and laundry services. Hotel revenues are recognized as earned.

The Company receives management and development fees from third parties. Property management fees are recorded and earned based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents. The Company reviews each development agreement and records development fees as earned depending on the risk associated with each project. Profit on development fees earned from joint venture projects is recognized as revenue to the extent of the third party partners' ownership interest.

Gains on sales of real estate are recognized pursuant to the provisions included in ASC 360-20 "Real Estate Sales" ("ASC 360-20") (formerly known as SFAS No. 66, "Accounting for Sales of Real Estate" ("SFAS No. 66")). The specific timing of a sale is measured against various criteria in ASC 360-20 related to the terms of the transaction and any continuing involvement in the form of management or financial assistance associated with the properties. If the sales criteria for the full accrual method are not met, the Company defers some or all of the gain recognition and accounts for the continued operations of the property by applying the finance, leasing, profit sharing, deposit, installment or cost recovery methods, as appropriate, until the sales criteria are met.

Ground Leases

˘mpany has non-cancelable ground lease obligations with various initial term expiration dates through 2068. The Company recognizes ground rent expense on a s -line basis over the terms of the respective ground lease agreements. The future contractual minimum lease payments to be made by the Company as of December 31, 2011, under non-cancelable ground leases which expire on various dates through 2068, are as follows:

Years Ending December 31,		(in thousands)
2012	$	12,693
2013		12,908
2014		13,272
2015		13,595
2016		13,820
Thereafter		927,394

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income available to common shareholders, as adjusted for unallocated earnings (if any) of certain securities issued by the Operating Partnership, by the weighted average number of shares of Common Stock outstanding during the year. Diluted EPS reflects the potential dilution that could occur from shares issuable in connection with awards under stock-based compensation plans, including upon the exercise of stock options, and conversion of the noncontrolling interests in the Operating Partnership.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, marketable securities, escrows, receivables, accounts payable, accrued expenses and other assets and liabilities are reasonable estimates of their fair values because of the short maturities of these instruments.

For purposes of financial reporting disclosures, the Company estimates the fair value of mortgage notes payable, unsecured senior notes and unsecured exchangeable senior notes. The Company discounts the spread between the future contractual interest payments and hypothetical future interest payments on mortgage debt and unsecured notes based on current market rates for similar securities. In determining the current market rates, the Company adds its estimates of market spreads to the quoted yields on federal government treasury securities with similar maturity dates to its debt. Because the Company's valuations of its financial instruments are based on these types of estimates, the actual fair values of its financial instruments may differ materially if the Company's estimates do not prove to be accurate. The following table presents the aggregate carrying value of the Company's indebtedness and the Company's corresponding estimate of fair value as of December 31, 2011 ˘ecember 31, 2010 (in thousands):

	December 31, 2011				December 31, 2010			
		Carrying Amount		Estimated Fair Value		Carrying Amount		Estimated Fair Value
Mortgage notes payable	$	3,123,267	$	3,297,903	$	3,047,586	$	3,121,193
Unsecured senior notes		3,865,186		4,148,461		3,016,598		3,241,542
Unsecured exchangeable senior notes		1,715,685(1)		1,904,115		1,721,817(1)		1,929,291
Total	$	8,704,138	$	9,350,479	$	7,786,001	$	8,292,026

(1) Includes the net impact of unamortized portion of imputed discounts under ASC 470-20 (formerly known as FSP No. APB 14-1) totaling approximately $54.5 million and $93.6 million at December 31, 2011 and 2010, respectively (See Note 8).

Derivative Instruments and Hedging Activities

Derivative instruments and hedging activities require management to make judgments on the nature of its derivatives and their effectiveness as hedges. These judgments determine if the changes in fair value of the

derivative instruments are reported in the consolidated statements of operations as a component of net income or as a component of comprehensive income and as a component of equity on the consolidated balance sheets. While management believes its judgments are reasonable, a change in a derivative's effectiveness as a hedge ·aterially affect expenses, net income and equity. The Company accounts for the effective portion of changes in the fair value of a derivative in other .iensive income (loss) and subsequently reclassifies the effective portion to earnings over the term that the hedged transaction affects earnings. The Company accounts for the ineffective portion of changes in the fair value of a derivative directly in earnings.

Income Taxes

The Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 1997. As a result, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed to its stockholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its annual taxable income. The Company's policy is to distribute at least 100% of its taxable income. Accordingly, the only provision for federal income taxes in the accompanying consolidated financial statements relates to the Company's consolidated taxable REIT subsidiaries. The Company's taxable REIT subsidiaries did not have significant tax provisions or deferred income tax items.

The Company owns a hotel property which is managed through a taxable REIT subsidiary. The hotel taxable REIT subsidiary, a wholly owned subsidiary of the Operating Partnership, is the lessee pursuant to the lease for the hotel property. As lessor, the Operating Partnership is entitled to a percentage of gross receipts from the hotel property. Marriott International, Inc. continues to manage the hotel property under the Marriott name and under terms of the existing management agreements. In connection with the restructuring, the revenue and expenses of the hotel property are being reflected in the Company's Consolidated Statements of Operations. The hotel taxable REIT subsidiary is subject to tax at the federal and state level and, accordingly, the Company has recorded a tax provision in the Company's Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009.

The net difference between the tax basis and the reported amounts of the Company's assets and liabilities is approximately $0.9 billion and $1.2 billion as of December 31, 2011 and 2010, respectively, which is primarily related to the difference in basis of contributed property and accrued rental income.

Certain entities included in the Company's consolidated financial statements are subject to certain state and local taxes. These taxes are recorded as operating expenses in the accompanying consolidated financial statements.

The following reconciles GAAP net income attributable to Boston Properties, Inc. to taxable income:

	For the year ended December 31,		
	2011	2010	2009
		(in thousands)	
Net income attributable to Boston Properties, Inc.	$ 272,679	$ 159,072	$ 231,014
ight-line rent adjustments	(77,422)	(75,943)	(38,287)
k/Tax differences from depreciation and amortization	117,675	67,362	61,366
Book/Tax differences on gains/losses from capital transactions	(38,443)	(2,373)	(10,111)
Book/Tax differences from stock-based compensation	827	(1,957)	15,966
Book/Tax differences on losses from early extinguishments of debt	40	6,448	—
Impairment loss on investments in unconsolidated joint ventures	—	—	6,374
Other book/tax differences, net	29,349	3,921	492
Taxable income	$ 304,705	$ 156,530	$ 266,814

Stock-based employee compensation plans

mber 31, 2011, the Company has a stock-based employee compensation plan. Effective January 1, 2005, the Company adopted early ASC 718 "Compensation – ... Compensation" ("ASC 718") (formerly SFAS No. 123 (revised) ("SFAS No. 123R"), "Share-Based Payment"), which revised the fair value based method of accounting for share-based payment liabilities, forfeitures and modifications of stock-based awards and clarified previous guidance in several areas, including measuring fair value, classifying an award as equity or as a liability and attributing compensation cost to reporting periods.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates include such items as depreciation and allowances for doubtful accounts. Actual results could differ from those estimates.

3. **Real Estate**

Real estate consisted of the following at December 31 (in thousands):

	2011		2010	
Land	$	2,356,522	$	2,216,768
Land held for future development		266,822		757,556
Buildings and improvements		8,658,468		7,602,704
Tenant improvements		1,262,616		1,090,462
Furniture, fixtures and equipment		26,359		24,043
Construction in progress		818,685		1,073,402
Total		13,389,472		12,764,935
Less: Accumulated depreciation		(2,642,986)		(2,323,818)
	$	10,746,486	$	10,441,117

Acquisitions

On February 1, 2011, the Company completed the acquisition of Bay Colony Corporate Center in Waltham, Massachusetts for an aggregate purchase price of ...imately $185.0 million. The purchase price consisted of approximately $41.1 million of cash and the assumption of approximately $143.9 million of ...edness. The assumed debt is a securitized senior mortgage loan that bears interest at a fixed rate of 6.53% per annum and matures on June 11, 2012. The loan requires interest-only payments with a balloon payment due at maturity. Bay Colony Corporate Center is an approximately 985,000 net rentable square foot, four-building Class A office park situated on a 58-acre site in Waltham, Massachusetts. The following table summarizes the allocation of the aggregate purchase price of Bay Colony Corporate Center at the date of acquisition (in thousands).

Land	$	18,769
Building and improvements		136,081
Tenant improvements		12,370
In-place lease intangibles		20,626
Above market rents		5,802
Below market rents		(3,332)
Above market assumed debt adjustment		(5,316)
Total aggregate purchase price	$	185,000
Less: Indebtedness assumed		(143,900)
Net assets acquired	$	41,100

On November 22, 2011, the Company acquired 2440 West El Camino Real located in Mountain View, California for a net purchase price of approximately $71.1 m···on in cash. 2440 West El Camino Real is an approximately 140,000 net rentable square foot Class A office property. The following table summarizes the ···n of the aggregate purchase price of 2440 West El Camino Real at the date of acquisition (in thousands).

Land	$	16,741
Building and improvements		47,199
Tenant improvements		4,086
In-place lease intangibles		5,284
Above market rents		30
Below market rents		(2,260)
Net assets acquired	$	71,080

The following table summarizes the estimated amortization of the acquired above-market lease intangibles (net of acquired below-market lease intangibles) and the acquired in-place lease intangibles for Bay Colony Corporate Center and 2440 West El Camino Real for each of the five succeeding years (in thousands).

	Acquired In-Place Lease Intangibles		Acquired Net Above-/(Below-) Market Lease Intangibles	
2012	$	6,397	$	124
2013		4,647		(54)
2014		3,576		(183)
2015		2,539		(72)
2016		1,171		41

Bay Colony Corporate Center contributed approximately $19.1 million of revenue and approximately $(11.8) million of earnings to the Company for the period from February 1, 2011 through December 31, 2011. 2440 West El Camino Real contributed approximately $0.8 million of revenue and approximately $0.2 million of earnings to the Company for the period from November 22, 2011 through December 31, 2011.

The accompanying unaudited pro forma information for the years ended December 31, 2011 and 2010 is presented as if the acquisition of (1) Bay Colony Corporate Center on February 1, 2011 and (2) 2440 West El Camino Real on November 22, 2011, had occurred on January 1, 2010. This unaudited pro forma information is based upon the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto. This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had the above occurred, nor do ·· purport to predict the results of operations of future periods.

Pro Forma (Unaudited) (in thousands, except per share data)	Year Ended December 31,			
	2011		2010	
Total revenue	$	1,768,805	$	1,577,441
Income from continuing operations	$	315,457	$	180,957
Net income attributable to Boston Properties, Inc.	$	274,123	$	153,282
Basic earnings per share:				
Net income per share attributable to Boston Properties, Inc.	$	1.88	$	1.10
Diluted earnings per share:				
Net income per share attributable to Boston Properties, Inc.	$	1.87	$	1.09

Developments

On January 14, 2011, the Company placed in-service approximately 57% of the office component of its Atlantic Wharf development project located in Boston, Massachusetts. The office component is comprised of approximately 798,000 net rentable square feet. On November 15, 2011, the Company completed and fully placed in-service the office component of the development project.

On March 1, 2011, the Company placed in-service approximately 13% of the office component of its 2200 Pennsylvania Avenue development project located in Washington, DC. The office component is comprised of approximately 459,000 net rentable square feet. On August 17, 2011, the Company completed and fully placed in-service the office component of the development project.

On May 1, 2011, the Company placed in-service approximately 16% of its 510 Madison Avenue development project located in New York City. 510 Madison Avenue is an approximately 347,000 net rentable square foot Class A office property.

On May 11, 2011, the Company partially placed in-service the Residences on The Avenue, the residential component of its 2221 I Street, NW development project located in Washington, DC. The residential component is comprised of 335 apartment units and approximately 50,000 square feet of retail space. On July 13, 2011, the Company completed and fully placed in-service the residential component of the development project.

On May 24, 2011, the Company signed a lease with a law firm for approximately 184,000 square feet at 250 West 55th Street in New York City. In conjunction with the execution of the lease, the Company resumed development of the planned approximately 989,000 square foot Class A office project and commenced capitalization of interest.

On July 1, 2011, the Company completed and placed in-service 100% of The Lofts at Atlantic Wharf, the residential component of its Atlantic Wharf development project located in Boston, Massachusetts. The residential component is comprised of 86 apartment units and approximately 9,000 square feet of retail space.

On July 5, 2011, the Company commenced the redevelopment of 12310 Sunrise Valley Drive, a Class A office project with approximately 268,000 net rentable square feet located in Reston, Virginia. The Company will capitalize incremental costs during the redevelopment.

On July 14, 2011, the Company entered into a 15-year lease for 100% of a build-to-suit development project with approximately 190,000 net rentable square feet of Class A office space located on land owned by the Company at 17 Cambridge Center in Cambridge, Massachusetts. In conjunction with the execution of the lease, the Company has commenced construction of the project.

On December 19, 2011, the Company commenced construction of its Reston Town Center Residential project, a residential project comprised of 359 apartment units located in Reston, Virginia.

Dispositions

On May 23, 2011, the Company entered into a ground lease for 75 Ames Street, a vacant land parcel in Cambridge, Massachusetts located on the same site as the Company's Cambridge Center West Garage property and adjacent to the Company's Seven Cambridge Center property, with a third party. In addition, the Company entered into a development agreement to serve as project manager for a 250,000 square foot research laboratory building to be developed on the site at the ground lessee's expense and will also serve, upon completion of development, as property manager. The terms of the ground lease require the Company to form a condominium for the site upon completion of the development, at which time each party will subject their respective interests in the buildings and land to the condominium and will in turn be conveyed a condominium unit comprised of their respective building as well as an undivided ownership interest in the land. Gross proceeds to the Company are expected to total approximately $56.8 million, including $11.4 million in development fees for the Company's services. As of December 31, 2011, the Company has received approximately $48.9 million and anticipates receiving another $7.9 million in development fees through the third quarter of 2014. The cash received under the ground lease will initially be recognized as unearned revenue and recognized over the 99-year term of the ground lease. The Company will recognize approximately $459,000 per year in ground lease payments prior to the anticipated conveyance of the condominium interest in 2014. Upon completion of the development and conveyance of the condominium interest, the transaction and related remaining costs will be accounted for and recognized as a gain on sale of real estate in accordance with ASC 360-20 "Real Estate Sales."

On June 6, 2011, the Company terminated its agreement, dated April 21, 2011, to sell its Carnegie Center portfolio located in Princeton, New Jersey for approximately $468.0 million. Carnegie Center is a sixteen building Class A office park set on 560 acres and totaling more than 2.0 million net rentable square feet. Under the terms greement, either party had the right to terminate the agreement at any time without any cost or payment to the other party.

4. Deferred Charges

Deferred charges consisted of the following at December 31, (in thousands):

	2011	2010
Leasing costs (and lease related intangibles)	$ 598,352	$ 558,620
Financing costs	85,554	89,680
	683,906	648,300
Less: Accumulated amortization	(238,503)	(212,281)
	$ 445,403	$ 436,019

5. Investments in Unconsolidated Joint Ventures

The investments in unconsolidated joint ventures consists of the following at December 31, 2011:

Entity	Properties	Nominal % Ownership
Square 407 Limited Partnership	Market Square North	50.0%
The Metropolitan Square Associates LLC	Metropolitan Square	51.0%
BP/CRF 901 New York Avenue LLC	901 New York Avenue	25.0%(1)
WP Project Developer LLC	Wisconsin Place Land and Infrastructure	33.3%(2)
RBP Joint VentureLLC	Eighth Avenue and 46thStreet	50.0%(3)
Boston Properties Office Value-Added Fund, L.P.	300 Billerica Road and Mountain View Research and Technology Parks	37.6%(1)(4)
Annapolis Junction NFM, LLC	Annapolis Junction	50.0%(5)
767 Venture, LLC	The General Motors Building	60.0%
2 GCT Venture LLC	Two Grand Central Tower	60.0%(6)
540 Madison Venture LLC	540 Madison Avenue	60.0%
125 West 55th Street Venture LLC	125 West 55th Street	60.0%
North Capitol LLC	500 North Capitol Street, NW	30.0%

(1) The Company's economic ownership can increase based on the achievement of certain return thresholds.
(2) The Company's wholly-owned entity that owns the office component of the project owns a 33.3% interest in the entity owning the land and infrastructure of the project.
(3) This property is not in operation and consists of assembled land.
(4) Represents the Company's effective ownership interest. The Company has a 25.0% interest in the 300 Billerica Road property and a 39.5% interest in the Mountain View Research and Technology Park properties.
(5) Comprised of one building, one building under construction and two undeveloped land parcels.
(6) The property was sold on October 25, 2011. As of December 31, 2011, the investment is comprised of working capital and a portion of the sale proceeds.

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 at an agreed upon fair value. Under these provisions, the Company is not compelled to purchase the interest of its outside joint venture partners.

The combined summarized financial information of the unconsolidated joint ventures is as follows (in thousands):

Balance Sheets	December 31, 2011	December 31, 2010
Real estate and development in process, net	$ 4,542,594	$ 5,028,851
Other assets	668,113	749,308
Total assets	$ 5,210,707	$ 5,778,159
Mortgage and Notes payable	$ 2,988,894	$ 3,151,220
Other liabilities	854,257	969,082
Members'/Partners' equity	1,367,556	1,657,857
Total liabilities and members'/partners' equity	$ 5,210,707	$ 5,778,159
Company's share of equity	$ 799,479	$ 924,235
Basis differential(1)	(129,757)	(156,983)
Carrying value of the Company's investments in unconsolidated joint ventures	$ 669,722	$ 767,252

(1) 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 occur from impairment of investments 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.

Statements of Operations	Year Ended December 31, 2011	2010 (in thousands)	2009
Total revenue(1)	$ 589,294	$ 607,915	$ 595,533
Expenses			
Operating	170,404	175,309	163,209
Depreciation and amortization	190,437	215,533	232,047
Total expenses	360,841	390,842	395,256
rating income	228,453	217,073	200,277
r income (expense)			
Interest expense	(228,494)	(235,723)	(232,978)
Gains from early extinguishments of debt	—	17,920	—
Loss on guarantee obligation	—	(3,800)	—
Impairment losses	(40,468)	—	(24,568)
Net loss	$ (40,509)	$ (4,530)	$ (57,269)
Company's share of net loss	$ (25,374)	$ (5,691)	$ (22,197)
Impairment losses on investments	—	—	(9,385)
Gain on sale of real estate	46,166	572	—
Basis differential	27,226	6,565	11,299
Elimination of inter-entity interest on partner loan	37,878	35,328	32,341
Income from unconsolidated joint ventures	$ 85,896	$ 36,774	$ 12,058

(1) Includes straight-line rent adjustments of $21.9 million, $24.5 million and $28.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. Includes net "above" and "below" market rent adjustments of $120.3 million, $132.1 million and $157.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

On March 16, 2011, the Company's Value-Added Fund extended the maturity date by two months to May 31, 2011 of the mortgage loan collateralized by its Mountain V[illegible] Technology Park property located in Mountain View, California totaling approximately $24.7 million. The mortgage loan bore interest at a variable rate equal to [illegible] plus 1.50% per annum and was scheduled to mature on March 31, 2011. On June 29, 2011, the Company's Value-Added Fund extended the maturity date to N[illegible]ber 15, 2011. On November 22, 2011, the Company's Value-Added Fund refinanced the mortgage loan totaling approximately $24.6 million. The new mortgage loan totaling $20.0 million bears interest at a variable rate equal to LIBOR plus 2.50% per annum and matures on November 22, 2014. In connection with the loan refinancing, the unconsolidated joint venture repaid approximately $4.6 million of the previous mortgage loan utilizing existing cash reserves and the proceeds from a loan from the Company's Operating Partnership. The loan from the Company's Operating Partnership consists of an agreement to lend up to $6.0 million to the Value-Added Fund, of which approximately $3.7 million had been advanced as of December 31, 2011. The loan from the Company's Operating Partnership bears interest at a fixed rate of 10.0% per annum and matures on November 22, 2014.

On March 26, 2011, a joint venture in which the Company has a 30% interest removed from service and commenced the redevelopment of 500 North Capitol Street, NW located in Washington, DC. On January 18, 2011, the joint venture entered into a lease with a law firm for approximately 171,000 square feet of space. On October 14, 2011, the unconsolidated joint venture obtained construction financing totaling $107.0 million collateralized by the redevelopment project. The construction financing bears interest at a variable rate equal to LIBOR plus 1.65% per annum and matures on October 14, 2014 with two, one-year extension options, subject to certain conditions. At closing, approximately $33.3 million was drawn to fund the repayment of the existing mortgage loan totaling $22.0 million and approximately $11.3 million of previously incurred development costs.

On March 31, 2011, a joint venture in which the Company has a 50% interest refinanced its construction loan collateralized by Annapolis Junction located in Annapolis, Maryland. The construction loan totaling approximately $42.7 million bore interest at a variable rate equal to LIBOR plus 1.00% per annum and was scheduled to mature on September 12, 2011. The new mortgage loan totaling approximately $42.3 million bears interest at a variable rate equal to LIBOR plus 1.75% per annum and matures on March 31, 2018 with one, three-year extension option, subject to certain conditions.

On June 3, 2011, a joint venture in which the Company has a 50% interest amended its joint venture agreement to add a new development project to its Annapolis Junction property located in Annapolis, Maryland. The outside joint venture partner contributed the improved parcel of land and the Company contributed cash for its 50% interest. The development project is an approximately 120,000 net rentable square foot Class A office project. On November 17, 2011, the unconsolidated joint venture obtained construction financing totaling $19.0 million collateralized by the development project. The construction financing bears interest at a variable rate equal to LIBOR plus 1.65% per annum and matures on November 17, 2013 with two, one-year extension options, subject to certain conditions.

On June 28, 2011, the Company's Value-Added Fund modified the mortgage loan collateralized by its Mountain View Research Park property located in Mountain View, California. The mortgage loan totaling approximately $112.3 million bore interest at a variable rate equal to LIBOR plus 1.75% per annum and had matured on May 31, 2011. The new mortgage loan totaling $92.0 million bears interest at a variable rate equal to LIBOR plus 2.50% per annum and matures on May 31, 2014. In connection with the loan modification, the joint venture repaid approximately $20.3 million of the previous mortgage loan utilizing unfunded capital commitments from the joint venture's partners on a pro rata basis, existing cash reserves and the proceeds from a loan from the Company's Operating Partnership. The loan from the C[illegible]npany's Operating Partnership consists of an agreement to lend up to $12.0 million to the Company's Value-Added Fund, of which approximately $6.7 million had [illegible]dvanced as of December 31, 2011. The loan from the Operating Partnership bears interest at a fixed rate of 10.0% per annum and matures on May 31, 2014.

On October 25, 2011, an unconsolidated joint venture in which the Company has a 60% interest completed the sale of Two Grand Central Tower located in New York City for approximately $401.0 million, including the

assumption by the buyer of approximately $176.6 million of mortgage indebtedness. Net cash proceeds totaled approximately $210.0 million, of which the Company's share was approximately $126.0 million, after the payment of transaction costs of approximately $14.4 million. Two Grand Central Tower is an approximately net rentable square foot Class A office tower. The unconsolidated joint venture's carrying value of the net assets of the property aggregated approximately $ million. As a result, pursuant to the provisions of ASC 360 "Property, Plant and Equipment" ("ASC 360") (formerly known as SFAS No. 144 "Accounting for the Impairment or Disposal of Long Lived Assets"), the unconsolidated joint venture recognized a non-cash impairment loss and loss on sale of real estate aggregating approximately $40.5 million, which is equal to the difference between (1) the sale price less cost to sell and (2) the carrying value of the net assets of the property. Separately, the Company had previously recognized an impairment loss on its investment in the unconsolidated joint venture totaling approximately $74.3 million under the provisions of ASC 323 "Investments-Equity Method and Joint Ventures" ("ASC 323") (formerly known as Accounting Principles Board Opinion No. 18 "The Equity Method of Accounting for Investments in Common Stock" ("APB No. 18")). As a result, the Company recognized a gain on sale of real estate totaling approximately $46.2 million, which is included within income from unconsolidated joint ventures on the Company's consolidated statements of operations.

6. Mortgage Notes Payable

The Company had outstanding mortgage notes payable totaling approximately $3.1 billion and $3.0 billion as of December 31, 2011 and 2010, respectively, each collateralized by one or more buildings and related land included in real estate assets. The mortgage notes payable are generally due in monthly installments and mature at various dates through April 10, 2022.

Fixed rate mortgage notes payable totaled approximately $3.1 billion and $2.7 billion at December 31, 2011 and 2010, respectively, with contractual interest rates ranging from 4.75% to 9.93% per annum at December 31, 2011 and 5.55% to 7.75% per annum at December 31, 2010 (with weighted-averages of 5.75% and 6.18% at December 31, 2011 and 2010, respectively).

There were no variable rate mortgage loans at December 31, 2011. Variable rate mortgage notes payable (including construction loans payable) totaled approximately $317.5 million at December 31, 2010 with interest rates ranging from 0.30% to 2.20% above the London Interbank Offered Rate ("LIBOR")/Eurodollar. As of December 31, 2011 and 2010, the LIBOR rate was 0.30% and 0.26%, respectively. If market interest rates on the Company's variable rate debt outstanding at December 31, 2010 had been 100 basis points greater, total interest expense would have increased by approximately $3.2 million for the year ended December 31, 2010.

On January 12, 2011, the Company notified the master servicer of the $25.0 million non-recourse mortgage loan collateralized by its Montvale Center property located in Gaithersburg, Maryland that the cash flows generated from the property were insufficient to fund debt service payments and capital improvements necessary to lease and operate the property and that the Company was not prepared to fund any cash shortfalls. Accordingly, at the request of the Company, the loan has been placed with the special servicer. The Company is not current on making debt service payments and is currently in default. The Company is currently accruing interest at the default interest rate of 9.93% per annum. The net book value of the property at December 31, 2011 totaled approximately $8.3 million, which is less than the estimated fair value of the property (See Note 20).

[illegible]ruary 1, 2011, in connection with the Company's acquisition of Bay Colony Corporate Center in Waltham, Massachusetts, the Company assumed the mortgage [illegible]ollateralized by the property totaling approximately $143.9 million. The assumed debt is a securitized senior mortgage loan that requires interest-only payments with a balloon payment due at maturity. The assumed mortgage loan, which bears contractual interest at a fixed rate of 6.53% per annum and matures on June 11, 2012, was recorded at its fair value of approximately $149.2 million using an effective interest rate of 3.75% per annum.

On May 11, 2011, the Company refinanced at maturity its mortgage loan collateralized by its 601 Lexington Avenue property located in New York City totaling approximately $453.3 million utilizing the proceeds of a draw under its Unsecured Line of Credit, which borrowing was secured by a mortgage on the property. The mortgage loan bore interest at a fixed rate of 7.19% per annum.

On August 19, 2011, the Company obtained mortgage financing totaling $725.0 million collateralized by its 601 Lexington property. The mortgage loan bears interest at a fixed rate of 4.75% per annum and matures on April 10, 2022. Proceeds from the mortgage financing were used to repay the borrowing under the Company's Operating Partnership's Unsecured Line of Credit totaling approximately $453.3 million. The additional cash proceeds were used to refinance the $267.5 million mortgage loan collateralized by the Company's 510 Madison Avenue property located in New York City. In connection with the refinancing, the lien of the 510 Madison Avenue mortgage was spread to 601 Lexington Avenue and released from 510 Madison Avenue so that 510 Madison Avenue is no longer encumbered by any mortgage debt.

On November 9, 2011, the Company used available cash to repay the mortgage loan collateralized by its Reservoir Place property located in Waltham, Massachusetts totaling $50.0 million. The mortgage financing bore interest at a variable rate equal to Eurodollar plus 2.20% per annum and was scheduled to mature on July 30, 2014. There was no prepayment penalty. The Company recognized a loss from early extinguishment of debt totaling approximately $0.5 million consisting of the write-off of unamortized deferred financing costs.

On November 16, 2011, the Company terminated the construction loan facility collateralized by its Atlantic Wharf property located in Boston, Massachusetts totaling $192.5 million. The construction loan facility bore interest at a variable rate equal to LIBOR plus 3.00% per annum and was scheduled to mature on April 21, 2012 with two, one-year extension options, subject to certain conditions. The Company had not drawn any amounts under the facility. The Company recognized a loss from early extinguishment of debt totaling approximately $0.4 million consisting of the write-off of unamortized deferred financing costs.

Six mortgage loans totaling approximately $953.1 million at December 31, 2011 and six mortgage loans totaling approximately $883.4 million at December 31, 2010 have been accounted for at their fair values on the dates the mortgage loans were assumed. The impact of recording the mortgage loans at fair value resulted in a decrease to interest expense of approximately $9.2 million, $3.8 million and $4.1 million for the years ended December 31, 2011, 2010 and 2009, respectively. The cumulative liability related to the fair value adjustments was $23.8 million and $27.7 million at December 31, 2011 and 2010, respectively, and is included in mortgage notes payable in the Consolidated Balance Sheets.

Contractual aggregate principal payments of mortgage notes payable at December 31, 2011 are as follows:

	Principal Payments (in thousands)	
2012	$	248,986
2013		103,209
2014		87,757
2015		26,182
2016		397,629
Thereafter		2,235,710
Total aggregate principal payments		3,099,473
Unamortized balance of historical fair value adjustments		23,794
Total carrying value of mortgage notes payable	$	3,123,267

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7. Unsecured Senior Notes

'owing summarizes the unsecured senior notes outstanding as of December 31, 2011 (dollars in thousands):

	Coupon/ Stated Rate	Effective Rate(1)	Principal Amount	Maturity Date(2)
10 Year Unsecured Senior Notes	6.250%	6.381%	$ 182,432	January 15, 2013
10 Year Unsecured Senior Notes	6.250%	6.291%	42,568	January 15, 2013
12 Year Unsecured Senior Notes	5.625%	5.693%	300,000	April 15, 2015
12 Year Unsecured Senior Notes	5.000%	5.194%	250,000	June 1, 2015
10 Year Unsecured Senior Notes	5.875%	5.967%	700,000	October 15, 2019
10 Year Unsecured Senior Notes	5.625%	5.708%	700,000	November 15, 2020
10 Year Unsecured Senior Notes	4.125%	4.289%	850,000	May 15, 2021
7 Year Unsecured Senior Notes	3.700%	3.853%	850,000	November 15, 2018
Total principal			3,875,000	
Net unamortized discount			(9,814)	
Total			$ 3,865,186	

(1) Yield on issuance date including the effects of discounts on the notes.
(2) No principal amounts are due prior to maturity.

On November 10, 2011, the Company's Operating Partnership completed a public offering of $850.0 million in aggregate principal amount of its 3.700% unsecured senior notes due 2018. The notes were priced at 99.767% of the principal amount to yield an effective rate (including financing fees) of 3.853% to maturity. The notes will mature on November 15, 2018, unless earlier redeemed. The aggregate net proceeds from the offering were approximately $841.2 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 December 31, 2011 and 2010, the Company was in compliance with each of these financial restrictions and requirements.

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8. Unsecured Exchangeable Senior Notes

'lowing summarizes the unsecured exchangeable senior notes outstanding as of December 31, 2011 (dollars in thousands):

	Coupon/ Stated Rate	Effective Rate(1)	Exchange Rate	Principal Amount	First Optional Redemption Date by Company	Maturity Date
3.625% Exchangeable Senior Notes	3.625%	4.037%	8.5051(2)	$ 747,500	N/A	February 15, 2014
2.875% Exchangeable Senior Notes	2.875%	3.462%	7.0430(3)	576,194	February 20, 2012(4)	February 15, 2037
3.750% Exchangeable Senior Notes	3.750%	3.787%	10.0066(5)	450,000	May 18, 2013(6)	May 15, 2036
Total principal				1,773,694		
Net unamortized discount				(3,462)		
Adjustment for the equity component allocation, net of accumulated amortization				(54,547)		
Total				$ 1,715,685		

(1) Yield on issuance date including the effects of discounts on the notes but excluding the effects of the adjustment for the equity component allocation.

(2) The initial exchange rate is 8.5051 shares per $1,000 principal amount of the notes (or an initial exchange price of approximately $117.58 per share of Boston Properties, Inc.'s common stock). In addition, the Company entered into capped call transactions with affiliates of certain of the initial purchasers, which are intended to reduce the potential dilution upon future exchange of the notes. The capped call transactions were intended to increase the effective exchange price to the Company of the notes from $117.58 to approximately $137.17 per share (subject to adjustment), representing an overall effective premium of approximately 40% over the closing price on August 13, 2008 of $97.98 per share of Boston Properties, Inc.'s common stock. The net cost of the capped call transactions was approximately $44.4 million. As of December 31, 2011, the effective exchange price was $135.25 per share.

(3) In connection with the special distribution of $5.98 per share of Boston Properties, Inc.'s common stock declared on December 17, 2007, the exchange rate was adjusted from 6.6090 to 7.0430 shares per $1,000 principal amount of notes effective as of December 31, 2007, resulting in an exchange price of approximately $141.98 per share of Boston Properties, Inc.'s common stock (See Note 20).

Holders may require the Operating Partnership to repurchase the notes for cash on February 15, 2012, 2017, 2022, 2027 and 2032 and at any time prior to their naturity upon a fundamental change, in each case at a price equal to 100% of the principal amount of the notes being repurchased plus any accrued and unpaid interest up to, but excluding, the repurchase date. The Operating Partnership repurchased/redeemed the notes for cash in February 2012 at a price equal to 100% of the principal amount of the notes being repurchased/redeemed plus any accrued and unpaid interest up to, but excluding, the repurchase/redemption date (See Note 20).

(5) In connection with the special distribution of $5.98 per share of Boston Properties, Inc.'s common stock declared on December 17, 2007, the exchange rate was adjusted from 9.3900 to 10.0066 shares per $1,000 principal amount of notes effective as of December 31, 2007, resulting in an exchange price of approximately $99.93 per share of Boston Properties, Inc.'s common stock.

(6) Holders may require the Operating Partnership to repurchase the notes for cash on May 18, 2013 and May 15, 2016, 2021, 2026 and 2031 and at any time prior to their maturity upon a fundamental change, in each case at a price equal to 100% of the principal amount of the notes being repurchased plus any accrued and unpaid interest up to, but excluding, the repurchase date.

ASC 470-20 (formerly known as FSP No. APB 14-1) requires the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) to be separately accounted for in a manner that reflects the issuer's nonconvertible debt borrowing rate. ASC 470-20 [illegible] that the initial proceeds from the sale of the Operating Partnership's $862.5 million of 2.875% exchangeable senior notes due 2037, $450.0 million of 3.75% [illegible]geable senior notes due 2036 and $747.5 million of 3.625% exchangeable senior notes due 2014 be allocated between a liability component and an equity component in a manner that reflects interest expense at the interest rate of similar nonconvertible debt that could have been issued by the Operating Partnership at such time. The Company measured the fair value of the debt components of the 2.875%, 3.75% and 3.625% exchangeable senior notes for the periods presented based on effective interest rates of 5.630%, 5.958% and 6.555%, respectively. The aggregate carrying amount of the debt component was approximately $1.72 billion and $1.72 billion (net of the ASC 470-20 adjustment of approximately $54.5 million and $93.6 million) at December 31, 2011 and December 31, 2010, respectively. As a result, the Company attributed an aggregate of approximately $230.3 million of the proceeds to the equity component of the notes, which represents the excess proceeds received over the fair value of the notes at the date of issuance. The equity component of the notes has been reflected within Additional Paid-in Capital in the Consolidated Balance Sheets. The Company reclassified approximately $1.0 million of deferred financing costs to Additional Paid-in Capital, which represented the costs attributable to the equity components of the notes. The carrying amount of the equity component was approximately $202.5 million and $207.1 million at December 31, 2011 and December 31, 2010, respectively. The resulting debt discount will be amortized over the period during which the debt is expected to be outstanding (i.e., through the first optional redemption dates or, in the case of the 2014 notes, the maturity date) as additional non-cash interest expense. The additional non-cash interest expense attributable to each debt security will increase in subsequent reporting periods through the first optional redemption date (or, in the case of the 2014 notes, the maturity date) as the debt accretes to its par value over the same period. The aggregate contractual interest expense was approximately $66.3 million, $69.0 million and $74.4 million for the years ended December 31, 2011, 2010 and 2009, respectively. As a result of applying ASC 470-20, the Company reported additional non-cash interest expense of approximately $38.8 million, $38.3 million and $38.6 million for the years ended December 31, 2011, 2010 and 2009, respectively. ASC 470-20 requires companies to retrospectively apply the requirements of the pronouncement to all periods presented.

On November 9, 2011, the Company's Operating Partnership repurchased $50.0 million aggregate principal amount of its 2.875% exchangeable senior notes due 2037 for approximately $50.2 million. The repurchased notes had an aggregate carrying value of approximately $49.6 million at the time of repurchase resulting in the recognition of a loss on early extinguishment of debt of approximately $0.6 million during the year ended December 31, 2011. There remains an aggregate of approximately $576.2 million of these notes outstanding (See Note 20).

9. Unsecured Line of Credit

On June 24, 2011, the Company's Operating Partnership amended and restated the revolving credit agreement governing the Company's Unsecured Line of Credit, which (1) reduced the total commitment from $1.0 billion to $750.0 million, (2) extended the maturity date from August 3, 2011 to June 24, 2014, with a provision for a one-year extension at the Company's option, subject to certain conditions and the payment of an extension fee equal to 0.20% of the total commitment then in effect, and (3) increased the per annum variable interest rates available, which resulted in an increase of the per annum variable interest rate on outstanding balances from Eurodollar plus 0.475% per annum to Eurodollar plus 1.225% per annum. Under the amended Unsecured Line of Credit, the Company may increase the total commitment to $1.0 billion, subject to syndication of the increase. In addition, a facility fee currently equal to an aggregate of 0.225% per annum of the total [illegible]mitment is payable by the Company in equal quarterly installments. The interest rate and facility fee are subject to adjustment in the event of a change in the [illegible]ing Partnership's unsecured debt ratings. The Unsecured Line of Credit is a recourse obligation of the Company's Operating Partnership. The Unsecured Line of [illegible] contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loan advances to the Company at a reduced interest rate. On May 11, 2011, the Company refinanced at maturity

its mortgage loan collateralized by its 601 Lexington Avenue property located in New York City totaling approximately $453.3 million utilizing the proceeds of a draw under its Unsecured Line of Credit, which borrowing was secured by a mortgage on the property. On August 19, 2011, the Company used proceeds from the new ! ~ge financing on 601 Lexington Avenue to repay the borrowing under the Company's Operating Partnership's Unsecured Line of Credit (See Note 6). At L ,er 31, 2011, there were no amounts outstanding on the Unsecured Line of Credit.

The terms of the Unsecured Line of Credit require that the Company maintain a number of customary financial and other covenants on an ongoing basis, including: (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 back to 60% within one year, (5) a minimum net worth requirement of $3.5 billion, (6) an unsecured debt interest coverage ratio of at least 1.75 and (7) limitations on permitted investments, development, partially owned entities, business outside of commercial real estate and commercial non-office properties. At December 31, 2011, the Company was in compliance with each of these financial and other covenant requirements.

10. Commitments and Contingencies

General

In the normal course of business, the Company guarantees its performance of services or indemnifies third parties against its negligence.

The Company has letter of credit and performance obligations of approximately $15.5 million related to lender and development requirements.

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. Under these provisions, the Company is not compelled to purchase the interest of its outside joint venture partners.

In connection with the assumption of the General Motors Building's secured loan by the Company's unconsolidated joint venture, 767 Venture, LLC, the Company guaranteed the unconsolidated joint venture's obligation to fund various escrows, including tenant improvements, taxes and insurance in lieu of cash deposits. As of December 31, 2011, the maximum funding obligation under the guarantee was approximately $20.5 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.

In connection with the refinancing in March 2010 of the 125 West 55th Street property's secured loan by the Company's unconsolidated joint venture, 125 West 55th Street Venture LLC, the Company has guaranteed the unconsolidated joint venture's obligation to fund an escrow related to certain lease rollover costs in lieu of an initial cash deposit for the full amount. The maximum funding obligation under the guarantee was $21.3 million. At closing, the joint venture funded a $10.0 million cash deposit into the escrow account and the remaining $11.3 million will be further reduced with scheduled monthly deposits into the escrow account from operating cash flows. As of December 31, 2011, the remaining funding obligation under the guarantee was approximately $1.8 million. The Company earns a fee from the joint v~ ture 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 tee.

In connection with the mortgage financing collateralized by the Company's One Freedom Square property located in Reston, Virginia, the Company has agreed to guarantee approximately $7.9 million related to its obligation to provide funds for certain tenant re-leasing costs. The mortgage financing matures on June 30, 2012.

From time to time, the Company (or the applicable joint venture) has also agreed to guarantee portions of the principal, interest or other amounts in connection with other unconsolidated joint venture borrowings. In addition to the financial guarantees referenced above, the Company has agreed to customary environmental ·fications and nonrecourse carve-outs (e.g., guarantees against fraud, misrepresentation and bankruptcy) on certain of its unconsolidated joint venture loans.

Concentrations of Credit Risk

Management of the Company performs ongoing credit evaluations of tenants and may require tenants to provide some form of credit support such as corporate guarantees and/or other financial guarantees. Although the Company's properties are geographically diverse and the tenants operate in a variety of industries, to the extent the Company has a significant concentration of rental revenue from any single tenant, the inability of that tenant to make its lease payments could have an adverse effect on the Company.

Some potential losses are not covered by insurance.

The Company carries insurance coverage on its properties of types and in amounts and with deductibles that it believes are in line with coverage customarily obtained by owners of similar properties. In response to the uncertainty in the insurance market following the terrorist attacks of September 11, 2001, the Federal Terrorism Risk Insurance Act (as amended, "TRIA") was enacted in November 2002 to require regulated insurers to make available coverage for "certified" acts of terrorism (as defined by the statute). The expiration date of TRIA was extended to December 31, 2014 by the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA"). Currently, the Company's property insurance program per occurrence limits are $1.0 billion for its portfolio insurance program, including coverage for acts of terrorism certified under TRIA 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 which is provided by IXP, LLC ("IXP") as a direct insurer. The Company currently insures certain properties, including the General Motors Building located at 767 Fifth Avenue in New York, New York ("767 Fifth Avenue"), in separate stand alone insurance programs. The property insurance program per occurrence limits for 767 Fifth Avenue are $1.625 billion, including Terrorism Coverage, with $1.375 billion of Terrorism Coverage in excess of $250 million being provided by NYXP, LLC ("NYXP"), as a direct insurer. The Company also currently carries nuclear, biological, chemical and radiological terrorism insurance coverage for acts of terrorism certified under TRIA ("NBCR Coverage"), which is provided by IXP as a direct insurer, for the properties in our portfolio, including 767 Fifth Avenue, but excluding the properties owned by the Company's Value-Added Fund and 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 additional Terrorism Coverage provided by IXP for 601 Lexington Avenue, the NBCR Coverage provided by IXP and the Terrorism Coverage provided by NYXP are 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 $100 million and the coinsurance is 15%. Under TRIPRA, 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 TRIPRA. The Company may elect to terminate the NBCR Coverage if the Federal Government seeks recoupment for losses paid under TRIA, 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 and maintain terrorism insurance in amounts and on terms that are commercially reasonable.

[illegible]mpany also currently carries earthquake insurance on its properties located in areas known to be subject to earthquakes in an amount and subject to self-insurance that the Company believes are commercially reasonable. In addition, this insurance is subject to a deductible in the amount of 5% of the value of the affected property. Specifically, the Company currently carries earthquake insurance which covers its San Francisco region with a $120 million per occurrence limit and a $120 million annual aggregate limit, $20 million of which is provided by IXP, as a direct insurer. 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 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 properties, the additional Terrorism Coverage for 601 Lexington Avenue and the Company's NBCR Coverage. The additional Terrorism Coverage provided by IXP for 601 Lexington Avenue only applies to losses which exceed the program trigger under TRIA. NYXP, 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 Terrorism Coverage for 767 Fifth Avenue. Currently, NYXP only insures losses which exceed the program trigger under TRIA and NYXP reinsures with a third-party insurance company any coinsurance payable under TRIA. Insofar as the Company owns IXP and NYXP, it is responsible for their liquidity and capital resources, and the accounts of IXP and NYXP 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 and NYXP would also be responsible for any recoupment charges by the Federal Government in the event losses are paid out and their insurance policies are maintained after the payout by the Federal Government. If the Company experiences a loss and IXP or NYXP are required to pay under their insurance policies, the Company would ultimately record the loss to the extent of the required payment. Therefore, insurance coverage provided by IXP and NYXP should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

The mortgages on the Company's properties typically contain requirements concerning the financial ratings of the insurers who provide policies covering the property. The Company provides the lenders on a regular basis with the identity of the insurance companies in the Company's insurance programs. The ratings of some of the Company's insurers are below the rating requirements in some of the Company's loan agreements and the lenders for these loans could attempt to claim an event of default has occurred under the loan. The Company believes it could obtain insurance with insurers which satisfy the rating requirements. Additionally, in the future, the Company's ability to obtain debt financing secured by individual properties, or the terms of such financing, may be adversely affected if lenders generally insist on ratings for insurers or amounts of insurance which are difficult to obtain or which result in a commercially unreasonable premium. There can be no assurance that a deficiency in the financial ratings of one or more of the Company's insurers will not have a material adverse effect on the Company.

The Company continues to monitor the state of the insurance market in general, and the scope and costs of coverage for acts of terrorism and California earthquake risk 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 [illegible] such as from wars or the presence of mold at the Company's properties, for which the Company cannot obtain insurance at all or at a reasonable cost. With [illegible]ct to such losses and losses from acts of terrorism, earthquakes 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.

Matters

The Company is subject to various 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 the financial position, results of operations or liquidity of the Company.

State and Local Tax Matters

Because the Company 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 the Company owns real estate either have undergone, or are currently undergoing, tax audits. Although the Company believes that it has substantial arguments in favor of its positions 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 the Company's results of operations.

Environmental Matters

It is the Company's policy to retain independent environmental consultants to conduct or update Phase I environmental assessments (which generally do not involve invasive techniques such as soil or ground water sampling) and asbestos surveys in connection with the Company's acquisition of properties. These pre-purchase environmental assessments have not revealed environmental conditions that the Company believes will have a material adverse effect on its business, assets, financial condition, results of operations or liquidity, and the Company is not otherwise aware of environmental conditions with respect to its properties that the Company believes would have such a material adverse effect. However, from time to time environmental conditions at the Company's properties have required and may in the future require environmental testing and/or regulatory filings, as well as remedial action.

In February 1999, the Company (through a joint venture) acquired from Exxon Corporation a property in Massachusetts that was formerly used as a petroleum bulk storage and distribution facility and was known by the state regulatory authority to contain soil and groundwater contamination. The Company developed an office park on the property. The Company engaged a specially licensed environmental consultant to oversee the management of contaminated soil and groundwater that was disturbed in the course of construction. Under the property acquisition agreement, Exxon agreed to (1) bear the liability arising from releases or discharges of oil and hazardous substances which occurred at the site prior to the Company's ownership, (2) continue monitoring and/or remediating such releases and discharges as necessary and appropriate to comply with applicable requirements, and (3) indemnify the Company for certain losses arising from preexisting site conditions. Any indemnity claim may be subject to various defenses, and there can be no assurance that the amounts paid under the indemnity, if any, would be sufficient to cover the ''ties arising from any such releases and discharges.

Environmental investigations at some of the Company's properties and certain properties owned by affiliates of the Company have identified groundwater contamination migrating from off-site source properties. In each case the Company engaged a licensed environmental consultant to perform the necessary investigations and assessments and to prepare any required submittals to the regulatory authorities. In each case the environmental consultant concluded that the properties qualify under the regulatory program or the regulatory practice for a status which eliminates certain deadlines for conducting response actions at a site. The Company also believes that these properties qualify for liability relief under certain statutory provisions or regulatory practices regarding upgradient releases. Although the Company believes that the current or former owners of the upgradient source properties may bear responsibility for some or all of the costs of addressing the identified

groundwater contamination, the Company will take such further response actions (if any) that it deems necessary or advisable. Other than periodic testing at some of these properties, no such additional response actions are anticipated at this time.

f the Company's properties and certain properties owned by the Company's affiliates are located in urban, industrial and other previously developed areas where fill or current or historical uses of the areas have caused site contamination. Accordingly, it is sometimes necessary to institute special soil and/or groundwater handling procedures and/or include particular building design features in connection with development, construction and other property operations in order to achieve regulatory closure and/or ensure that contaminated materials are addressed in an appropriate manner. In these situations it is the Company's practice to investigate the nature and extent of detected contamination and estimate the costs of required response actions and special handling procedures. The Company then uses this information as part of its decision-making process with respect to the acquisition and/or development of the property. For example, the Company owns a parcel in Massachusetts which was formerly used as a quarry/asphalt batching facility. Pre-purchase testing indicated that the site contained relatively low levels of certain contaminants. The Company has developed an office park on this property. Prior to and during redevelopment activities, the Company engaged a specially licensed environmental consultant to monitor environmental conditions at the site and prepare necessary regulatory submittals based on the results of an environmental risk characterization. A submittal has been made to the regulatory authorities in order to achieve regulatory closure at this site. The submittal included an environmental deed restriction that mandates compliance with certain protective measures in a portion of the site where low levels of residual soil contamination have been left in place in accordance with applicable laws.

The Company expects that resolution of the environmental matters relating to the above will not have a material impact on its business, assets, financial condition, results of operations or liquidity. However, the Company cannot assure you that it has identified all environmental liabilities at its properties, that all necessary remediation actions have been or will be undertaken at the Company's properties or that the Company will be indemnified, in full or at all, in the event that such environmental liabilities arise.

Tax Protection Obligations

In connection with the acquisition or contribution of six properties, the Company entered into agreements for the benefit of the selling or contributing parties which specifically state that until such time as the contributors do not hold at least a specified percentage of the OP Units owned by such person following the contribution of the properties, or until June 2017 for the General Motors Building, the Operating Partnership will not sell or otherwise transfer the properties in a taxable transaction. If the Company does sell or transfer the properties in a taxable transaction, it would be liable to the contributors for contractual damages.

11. Noncontrolling Interests

Noncontrolling interests relate to the interests in the Operating Partnership not owned by the Company and interests in property partnerships not wholly-owned by the Company. As of December 31, 2011, the noncontrolling interests consisted of 16,562,838 OP Units, 1,601,004 LTIP Units, 400,000 2011 OPP Units and 1,113,044 Series Two Preferred Units (or 1,460,688 OP Units on an as converted basis) held by parties other than the Company.

ontrolling Interest—Redeemable Preferred Units of the Operating Partnership

referred Units at December 31, 2011 and 2010 consisted solely of 1,113,044 Series Two Preferred Units, which bear a preferred distribution equal to the greater of (1) the distribution which would have been paid in respect of the Series Two Preferred Unit had such Series Two Preferred Unit been converted into an OP Unit (including both regular and special distributions) or (2) 6.00% per annum on a liquidation preference of $50.00 per unit, and are convertible into OP Units at a rate of $38.10 per Preferred Unit (1.312336 OP Units for each Preferred Unit). The holders of Series Two Preferred Units have the right to require the Operating Partnership to redeem their units for cash at the redemption price of $50.00 per unit on May 14, 2012, May 14, 2013 and May 12, 2014. The maximum number of units that may be required to be redeemed from all holders on each of these dates is 1,007,662, which is one-sixth of the number of Series Two Preferred Units that were originally

issued. The holders also had the right to have their Series Two Preferred Units redeemed for cash on May 12, 2009, May 12, 2010 and May 12, 2011, although no holder exercised such right. The Company also has the right, subject to certain conditions, to redeem Series Two Preferred Units for cash or to convert into OP Units ries Two Preferred Units that are not redeemed when they are eligible for redemption.

On February 15, 2011, the Operating Partnership paid a distribution on its outstanding Series Two Preferred Units of $0.75616 per unit. On May 16, 2011, the Operating Partnership paid a distribution on its outstanding Series Two Preferred Units of $0.73151 per unit. On August 15, 2011, the Operating Partnership paid a distribution on its outstanding Series Two Preferred Units of $0.75616 per unit. On November 15, 2011, the Operating Partnership paid a distribution on its outstanding Series Two Preferred Units of $0.75616 per unit.

The following table reflects the activity for noncontrolling interests—redeemable preferred units for the years ended December 31, 2011, 2010 and 2009 (dollars in thousands):

Balance at December 31, 2008	$	55,652
Net income		3,594
Distributions		(3,594)
Balance at December 31, 2009		55,652
Net income		3,343
Distributions		(3,343)
Balance at December 31, 2010		55,652
Net income		3,339
Distributions		(3,339)
Balance at December 31, 2011	$	55,652

Noncontrolling Interest—Common Units of the Operating Partnership

During the years ended December 31, 2011 and 2010, 2,919,323 and 591,900 OP Units, respectively, were presented by the holders for redemption (including 60,414 OP Units and 99,139 OP Units, respectively, issued upon conversion of LTIP Units) and were redeemed by the Company in exchange for an equal number of shares of Common Stock.

At December 31, 2010, the Company had outstanding 1,080,938 2008 OPP Units. Prior to the measurement date on February 5, 2011, 2008 OPP Units were entitled to receive per unit distributions equal to one-tenth (10%) of the regular quarterly distributions payable on an OP Unit, but were not entitled to receive any special distributions. After the measurement date, the number of 2008 OPP Units, both vested and unvested, which 2008 OPP award recipients had earned, if any, based on tablishment of an outperformance pool, would have been entitled to receive distributions in an amount per unit equal to distributions, both regular and special, e on an OP Unit. On February 5, 2011, the measurement period for the Company's 2008 OPP Awards expired and the Company's TRS performance was not sufficient for employees to earn and therefore become eligible to vest in any of the 2008 OPP Awards. Accordingly, all 2008 OPP Awards were automatically forfeited and the Operating Partnership repaid employees an amount equal to $0.25 (which is equal to what they paid upon acceptance of the award) multiplied by the number of 2008 OPP Awards previously received.

At December 31, 2011, the Company had outstanding 400,000 2011 OPP Units (See Note 17). Prior to the measurement date on January 31, 2014, 2011 OPP Units will be 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 2011 OPP Units, both vested and unvested, that 2011 OPP award recipients have earned, if any, based on the establishment of an outperformance 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 January 28, 2011, the Operating Partnership paid a distribution on the OP Units and LTIP Units in the amount of $0.50 per unit, and a distribution on the 2008 OPP Units in the amount of $0.05 per unit, to holders of record as of the close of business on December 31, 2010. On April 29, 2011, the Operating Partnership paid a d tion on the OP Units and LTIP Units in the amount of $0.50 per unit, and a distribution on the 2011 OPP Units in the amount of $0.05 per unit, to holders of re s of the close of business on March 31, 2011. On July 29, 2011, the Operating Partnership paid a distribution on the OP Units and LTIP Units in the amount of $0.50 per unit, and a distribution on the 2011 OPP Units in the amount of $0.05 per unit, to holders of record as of the close of business on June 30, 2011. On October 31, 2011, the Operating Partnership paid a distribution on the OP Units and LTIP Units in the amount of $0.50 per unit and a distribution on the 2011 OPP Units in the amount of $0.05 per unit to holders of record as of the close of business on September 30, 2011. On December 14, 2011, Boston Properties, Inc., as general partner of the Operating Partnership, declared a distribution on the OP Units and LTIP Units in the amount of $0.55 per unit and a distribution on the 2011 OPP Units in the amount of $0.055 per unit, in each case payable on January 27, 2012 to holders of record as of the close of business on December 31, 2011.

The Series Two Preferred Units may be converted into OP Units at the election of the holder thereof at any time. A holder of an OP Unit may present such OP Unit to the Operating 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, the Operating Partnership must redeem such OP Unit for cash equal to the then value of a share of common stock of the Company. The Company 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 the Company and including LTIP Units assuming that all conditions have been met for the conversion thereof) and Series Two Preferred Units (on an as converted basis) had all of such units been redeemed at December 31, 2011 was approximately $1.81 billion and $145.5 million, respectively, based on the closing price of the Company's common stock of $99.60 per share on December 31, 2011.

Noncontrolling Interest—Property Partnerships

The noncontrolling interests in property partnerships consist of the outside equity interests in joint 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 $(1.1) million and $(0.6) million at December 31, 2011 and December 31, 2010, respectively.

12. Stockholders' Equity

As of December 31, 2011, the Company had 148,107,611 shares of Common Stock outstanding.

On January 28, 2011, the Company paid a dividend in the amount of $0.50 per share of Common Stock to shareholders of record as of the close of business on December 31, 2010. On April 29, 2011, the Company paid a dividend in the amount of $0.50 per share of Common Stock to shareholders of record as of the close of business on March 31, 2011. On July 29, 2011, the Company paid a dividend in the amount of $0.50 per share of Common Stock to shareholders of record as of the close of business on June 30, 2011. On October 31, 2011, the Company paid a dividend in the amount of $0.50 per share of Common Stock to shareholders of record as of the close of business on September 30, 2011. On December 14, 2011, the Company's Board of Directors declared a dividend in the amount of $0.55 per share of non Stock payable on January 27, 2012 to shareholders of record as of the close of business on December 31, 2011.

On April 21, 2010, the Company announced that it had established an "at the market" (ATM) stock offering program through which it may sell from time to time up to an aggregate of $400.0 million of its common stock through sales agents for a three-year period. During the year ended December 31, 2011, the Company utilized the

initial ATM stock offering program to issue an aggregate of 4,228,993 shares of Common Stock for gross proceeds of approximately $400.0 million and net proceeds of approximately $394.7 million. No amount remains available for issuance under this ATM program.

On June 2, 2011, the Company established a new 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. During the year ended December 31, 2011, the Company issued an aggregate of 431,223 shares of Common Stock under the ATM stock offering program for gross proceeds of approximately $44.9 million and net proceeds of approximately $44.3 million. As of December 31, 2011, approximately $555.1 million remained available for issuance under this ATM program.

During the years ended December 31, 2011 and 2010, the Company issued 2,919,323 and 591,900 shares of its Common Stock, respectively, in connection with the redemption of an equal number of OP Units.

During the years ended December 31, 2011 and 2010, the Company issued 316,159 and 638,957 shares of its Common Stock, respectively, upon the exercise of options to purchase Common Stock by certain employees.

13. Future Minimum Rents

The properties are leased to tenants under net operating leases with initial term expiration dates ranging from 2012 to 2048. The future contractual minimum lease payments to be received (excluding operating expense reimbursements) by the Company as of December 31, 2011, under non-cancelable operating leases which expire on various dates through 2048, are as follows:

Years Ending December 31,		(in thousands)
2012	$	1,305,070
2013		1,314,408
2014		1,275,588
2015		1,173,068
2016		1,044,669
Thereafter		5,052,985

No single tenant represented more than 10.0% of the Company's total rental revenue for the years ended December 31, 2011, 2010 and 2009.

14. Segment Reporting

The Company's segments are based on the Company's method of internal reporting which classifies its operations by both geographic area and property type. The Company's segments by geographic area are Boston, New York, Princeton, San Francisco and Washington, DC. Segments by property type include: Class A Office, Office/Technical, Residential and Hotel.

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. Interest and other income, development and management services, general and administrative expenses, acquisition costs, interest expense, depreciation and amortization expense, suspension of development, gains (losses) from investments in securities, losses from early extinguishments of debt, income from unconsolidated joint ventures, gain on sale of real estate and noncontrolling interests are not included in Net Operating Income as internal reporting addresses these items on a corporate level.

Net Operating Income is not a measure of operating results or cash flows from operating activities as measured by accounting principles generally accepted in the United States of America, and it is not indicative of

cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not calculate Net Operating Income in the same manner. The Company considers Net Operating Income to be an appropriate supplemental measure to net income because it helps both investors and management to understand the core operations of the Company's properties.

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

For the year ended December 31, 2011:

	Boston	New York	Princeton	San Francisco	Washington, DC	Total
Rental Revenue:						
Class A Office	$ 543,494	$ 458,791	$ 62,648	$ 213,257	$ 359,544	$ 1,637,734
Office/Technical	30,975	—	—	—	16,236	47,211
Residential	985	—	—	—	5,632	6,617
Hotel	34,529	—	—	—	—	34,529
Total	609,983	458,791	62,648	213,257	381,412	1,726,091
% of Grand Totals	35.34%	26.58%	3.63%	12.35%	22.10%	100.0%
Rental Expenses:						
Class A Office	209,176	152,649	30,150	80,729	101,559	574,263
Office/Technical	9,955	—	—	—	4,280	14,235
Residential	521	—	—	—	4,958	5,479
Hotel	26,128	—	—	—	—	26,128
Total	245,780	152,649	30,150	80,729	110,797	620,105
% of Grand Totals	39.63%	24.62%	4.86%	13.02%	17.87%	100.0%
Net operating income	$ 364,203	$ 306,142	$ 32,498	$ 132,528	$ 270,615	$ 1,105,986
% of Grand Totals	32.93%	27.68%	2.94%	11.98%	24.47%	100.0%

For the year ended December 31, 2010:

	Boston	New York	Princeton	San Francisco	Washington, DC	Total
Rental Revenue:						
Class A Office	$ 368,841	$ 445,296	$ 65,475	$ 215,468	$ 335,508	$ 1,430,588
Office/Technical	30,336	—	—	—	15,849	46,185
Residential	—	—	—	—	—	—
Hotel	32,800	—	—	—	—	32,800
Total	431,977	445,296	65,475	215,468	351,357	1,509,573
% of Grand Totals	28.62%	29.50%	4.34%	14.27%	23.27%	100.0%
Rental Expenses:						
Class A Office	138,722	146,381	31,486	78,978	92,892	488,459
Office/Technical	9,067	—	—	—	4,168	13,235
Residential	—	—	—	—	—	—
Hotel	25,153	—	—	—	—	25,153
Total	172,942	146,381	31,486	78,978	97,060	526,847
% of Grand Totals	32.83%	27.78%	5.98%	14.99%	18.42%	100.0%
Net operating income	$ 259,035	$ 298,915	$ 33,989	$ 136,490	$ 254,297	$ 982,726
% of Grand Totals	26.36%	30.42%	3.45%	13.89%	25.88%	100.0%

For year ended December 31, 2009:

	Boston	New York	Princeton	San Francisco	Washington, DC	Total
Rental Revenue:						
Class A Office	$ 364,064	$ 441,571	$ 63,189	$ 218,432	$ 318,786	$ 1,406,042
Office/Technical	30,655	—	—	—	16,230	46,885
Residential	—	—	—	—	—	—
Hotel	30,385	—	—	—	—	30,385
Total	425,104	441,571	63,189	218,432	335,016	1,483,312
% of Grand Totals	28.66%	29.77%	4.26%	14.73%	22.58%	100.0%
Rental Expenses:						
Class A Office	137,785	146,398	29,751	80,269	93,799	488,002
Office/Technical	9,475	—	—	—	4,322	13,797
Residential	—	—	—	—	—	—
Hotel	23,966	—	—	—	—	23,966
Total	171,226	146,398	29,751	80,269	98,121	525,765
% of Grand Totals	32.57%	27.84%	5.66%	15.27%	18.66%	100.0%
Net operating income	$ 253,878	$ 295,173	$ 33,438	$ 138,163	$ 236,895	$ 957,547
% of Grand Totals	26.51%	30.83%	3.49%	14.43%	24.74%	100.0%

The following is a reconciliation of Net Operating Income to net income attributable to Boston Properties, Inc. (in thousands):

	Years ended December 31,		
	2011	2010	2009
Net operating income	$ 1,105,986	$ 982,726	$ 957,547
Add:			
Development and management services income	33,435	41,231	34,878
Income from unconsolidated joint ventures	85,896	36,774	12,058
Interest and other income	5,358	7,332	4,059
Gains on sales of real estate	—	2,734	11,760
Less:			
General and administrative expense	81,442	79,658	75,447
Acquisition costs	155	2,614	—
Suspension of development	—	(7,200)	27,766
Depreciation and amortization expense	439,184	338,371	321,681
Losses (gains) from investments in securities	443	(935)	(2,434)
Interest expense	394,131	378,079	322,833
Losses from early extinguishments of debt	1,494	89,883	510
Noncontrolling interests in property partnerships	1,558	3,464	2,778
Noncontrolling interest—redeemable preferred units of the Operating Partnership	3,339	3,343	3,594
Noncontrolling interest—common units of the Operating Partnership	36,250	24,099	35,534
Noncontrolling interest in gains on sales of real estate—common units of the Operating Partnership	—	349	1,579
Net income attributable to Boston Properties, Inc.	$ 272,679	$ 159,072	$ 231,014

15. [illegible]rnings Per Share

[illegible]ollowing table provides a reconciliation of both the net income attributable to Boston Properties, Inc. and the number of common shares used in the computation [illegible] [illegible]sic earnings per share ("EPS"), which is calculated by dividing net income attributable to Boston Properties, Inc. by the weighted-average number of common shares outstanding during the period. The terms of the Series Two Preferred Units enable the holders to obtain OP Units of the Operating Partnership, as well as Common Stock of the Company. As a result, the Series Two Preferred Units are considered participating securities and are included in the computation of basic and diluted earnings per share of the Company if the effect of applying the if-converted method is dilutive. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of EPS pursuant to the two-class method. As a result, unvested restricted common stock of the Company, LTIP Units, 2008 OPP Units and 2011 OPP Units are considered participating securities and are included in the computation of basic and diluted earnings per share of the Company if the effect of applying the if-converted method is dilutive. Because the 2008 OPP Units and 2011 OPP Units require the Company to outperform absolute and relative return thresholds, unless such thresholds have been met by the end of the applicable reporting period, the Company excludes such units from the diluted EPS calculation. For the year ended December 31, 2011, assuming the measurement period for the 2011 OPP Units ended on December 31, 2011, the Company's total return to stockholders compared to the absolute and relative return thresholds for the 2011 OPP Units would have resulted in participants earning and being eligible to vest in an aggregate of approximately 62,000 2011 OPP Units. As a result, these 2011 OPP Units have been included in the diluted EPS calculation. For the years ended December 31, 2011, 2010 and 2009, the absolute and relative return thresholds for the 2008 OPP Units were not met and as a result the 2008 OPP Units have been excluded from the diluted EPS calculation. Other potentially dilutive common shares, including stock options, restricted stock and other securities of the Operating Partnership that are exchangeable for the Company's Common Stock, and the related impact on earnings, are considered when calculating diluted EPS.

	For the year ended December 31, 2011		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except for per share amounts)		
Basic Earnings:			
Net income attributable to Boston Properties, Inc.	$ 272,679	145,693	$ 1.87
Effect of Dilutive Securities:			
Stock Based Compensation and Exchangeable Senior Notes	—	525	(0.01)
Diluted Earnings:			
Net income	$ 272,679	146,218	$ 1.86

	For the year ended December 31, 2010		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except for per share amounts)		
Basic Earnings:			
Net income attributable to Boston Properties, Inc.	$ 159,072	139,440	$ 1.14
Effect of Dilutive Securities:			
Stock Based Compensation	—	617	(0.00)
Diluted Earnings:			
Net income	$ 159,072	140,057	$ 1.14

	For the year ended December 31, 2009		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except for per share amounts)		
Basic Earnings:			
Net income attributable to Boston Properties, Inc.	$ 231,014	131,050	$ 1.76
Effect of Dilutive Securities:			
Stock Based Compensation	—	462	(0.00)
Diluted Earnings:			
Net income	$ 231,014	131,512	$ 1.76

16. Employee Benefit Plans

Effective January 1, 1985, the predecessor of the Company adopted a 401(k) Savings Plan (the "Plan") for its employees. Under the Plan, as amended, employees, as defined, are eligible to participate in the Plan after they have completed three months of service. Upon formation, the Company adopted the Plan and the terms of the Plan.

Effective January 1, 2000, the Company amended the Plan by increasing the Company's matching contribution to 200% of the first 3% from 200% of the first 2% of participant's eligible earnings contributed (utilizing earnings that are not in excess of an amount established by the IRS ($245,000, $245,000 and $245,000 in 2011, 2010 and 2009, respectively), indexed for inflation) and by eliminating the vesting requirement. The Company's aggregate matching contribution for the years ended December 31, 2011, 2010 and 2009 was $3.1 million, $2.9 million and $3.0 million, respectively.

Effective January 1, 2001, the Company amended the Plan to provide a supplemental retirement contribution to certain employees who have at least ten years of service on January 1, 2001, and who are 40 years of age or older as of January 1, 2001. The maximum supplemental retirement contribution will not exceed the annual li[illegible]n contributions established by the Internal Revenue Service. The Company will record an annual supplemental retirement credit for the benefit of each pa[illegible]ipant. The Company's supplemental retirement contribution and credit for the years ended December 31, 2011, 2010 and 2009 was $62,000, $48,000 and [illegible],000, respectively.

The Company also maintains a deferred compensation plan that is designed to allow officers of the Company to defer a portion of their current income on a pre-tax basis and receive a tax-deferred return on these deferrals. The Company's obligation under the plan is that of an unsecured promise to pay the deferred compensation to the plan participants in the future. At December 31, 2011 and 2010, the Company has funded approximately $9.5 million and $8.7 million, respectively, into a separate account, which is not restricted as to its use. The Company's liability under the plan is equal to the total amount of compensation deferred by the plan participants and earnings on the deferred compensation pursuant to investments elected by the plan participants. The Company's liability as of December 31, 2011 and 2010 was $9.5 million and $8.7 million, respectively, which are included in the accompanying Consolidated Balance Sheets.

17. Stock Option and Incentive Plan and Stock Purchase Plan

The Company has established a stock option and incentive plan for the purpose of attracting and retaining qualified employees and rewarding them for superior performance in achieving the Company's business goals and enhancing stockholder value.

Under the Company's 1997 Stock Option and Incentive Plan (the "1997 Plan"), the number of shares of Common Stock available for issuance was 4,019,174 shares. At December 31, 2011, the number of shares available for issuance under the plan was 1,895,963, of which a maximum of 1,589,342 shares may be granted as awards other than stock options. The 1997 Plan expires on May 15, 2017.

On 'ary 20, 2011, the Compensation Committee of the Board of Directors of the Company approved outperformance awards under the Company's 1997 Plan to ce officers of the Company. These awards (the "2011 OPP Awards") are part of a broad-based, long-term incentive compensation program designed to provide t npany's management team with the potential to earn equity awards subject to the Company "outperforming" and creating shareholder value in a pa or-performance structure. 2011 OPP Awards utilize total return to shareholders ("TRS") over a three-year measurement period as the performance metric and include two years of time-based vesting after the end of the performance measurement period (subject to acceleration in certain events) as a retention tool. Recipients of 2011 OPP Awards will share in an outperformance pool if the Company's TRS, including both share appreciation and dividends, exceeds absolute and relative hurdles over a three-year measurement period from February 1, 2011 to January 31, 2014, based on the average closing price of a share of the Company's common stock of $93.38 for the five trading days prior to and including February 1, 2011. The aggregate reward that recipients of all 2011 OPP Awards can earn, as measured by the outperformance pool, is subject to a maximum cap of $40.0 million.

The outperformance pool will consist of (i) two percent (2%) of the excess total return above a cumulative absolute TRS hurdle of 27% over the full three-year measurement period (equivalent to 9% per annum) (the "Absolute TRS Component") and (ii) two percent (2%) of the excess or deficient excess total return above or below a relative TRS hurdle equal to the total return of the SNL Equity REIT Index over the three-year measurement period (the "Relative TRS Component"). In the event that the Relative TRS Component is potentially positive because the Company's TRS is greater than the total return of the SNL Equity REIT Index, but the Company achieves a cumulative absolute TRS below 27% over the three-year measurement period (equivalent to 9% per annum), the actual contribution to the outperformance pool from the Relative TRS Component will be subject to a sliding scale factor as follows: (i) 100% of the potential Relative TRS Component will be earned if the Company's TRS is equal to or greater than a cumulative 27% over three years, (ii) 0% will be earned if the Company's TRS is 0% or less, and (iii) a percentage from 0% to 100% calculated by linear interpolation will be earned if the Company's cumulative TRS over three years is between 0% and 27%. For example, if the Company achieves a cumulative absolute TRS of 18% over the full three-year measurement period (equivalent to a 6% absolute annual TRS), the potential Relative TRS Component would be prorated by 66.67%. The potential Relative TRS Component before application of the sliding scale factor will be capped at $40.0 million. In the event that the Relative TRS Component is negative because the Company's TRS is less than the total return of the SNL Equity REIT Index, any outperformance reward potentially earned under the Absolute TRS Component will be reduced dollar for dollar, provided that the potential Absolute TRS Component before reduction for any negative Relative TRS Component will be capped at $40.0 million. The algebraic sum of the Absolute TRS Component and the Relative TRS Component determined as described above will never exceed $40.0 million.

Each employee's 2011 OPP Award was designated as a specified percentage of the aggregate outperformance pool. Assuming the applicable absolute and/or relative TRS thresholds are achieved at the end of the measurement period, the algebraic sum of the Absolute TRS Component and the Relative TRS Component will be calculated and then allocated among the 2011 OPP Award recipients in accordance with each individual's percentage. If there is a change of control prior to January 31, 2014, the measurement period will end on the change of control date and both the Absolute TRS Component (using a prorated absolute TRS hurdle) and the Relative TRS Component will be calculated and, assuming the applicable absolute and/or relative TRS thresholds are achieved over the shorter measurement period, allocated among the 2011 OPP Award recipients as of that date.

R ds earned with respect to 2011 OPP Awards (if any) will vest 25% on February 1, 2014, 25% on February 1, 2015 and 50% on February 1, 2016, based on ued employment. Vesting will be accelerated in the event of a change in control of the Company, termination of employment without cause, termination of oyment by the award recipient for good reason, death, disability or retirement, although restrictions on transfer will continue to apply in certain of these situations. All determinations, interpretations and assumptions relating to the calculation of performance and vesting relating to 2011 OPP Awards will be made by the

Co' ·sation Committee. 2011 OPP Awards will be in the form of LTIP Units. LTIP Units will be issued prior to the determination of the outperformance pool, but wil .ain subject to forfeiture depending on the extent of rewards earned with respect to 2011 OPP Awards. The number of LTIP Units issued initially to recipients ‹ 2011 OPP Awards is an estimate of the maximum number of LTIP Units that they could earn, based on certain assumptions. The number of LTIP Units actually ι .l by each award recipient will be determined at the end of the performance measurement period by dividing his or her share of the outperformance pool by the average closing price of a REIT Share for the 15 trading days immediately preceding the measurement date. Total return for the Company and for the SNL Equity REIT Index over the three-year measurement period and other circumstances will determine how many LTIP Units are earned by each recipient; if they are fewer than the number issued initially, the balance will be forfeited as of the performance measurement date. Prior to the measurement date, LTIP units issued on account of 2011 OPP Awards will be 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 LTIP Units, both vested and unvested, which 2011 OPP Award recipients have earned based on the establishment of an outperformance pool, will be entitled to receive distributions in an amount per unit equal to distributions, both regular and special, payable on an OP Unit. LTIP Units are designed to qualify as "profits interests" in the Operating Partnership for federal income tax purposes. As a general matter, the profits interests characteristics of the LTIP Units mean that initially they will not be economically equivalent in value to an OP Unit. If and when events specified by applicable tax regulations occur, LTIP Units can over time increase in value up to the point where they are equivalent to OP Units on a one-for-one basis. After LTIP Units are fully vested, and to the extent the special tax rules applicable to profits interests have allowed them to become equivalent in value to OP Units, LTIP Units may be converted on a one-for-one basis into OP Units. OP Units in turn have a one-for-one relationship in value with Boston Properties, Inc. common stock, and are exchangeable on such one-for-one basis for cash or, at the election of the Company, Boston Properties, Inc. common stock.

The Company issued 19,030, 69,499 and 62,876 shares of restricted stock and 190,067, 252,597 and 515,007 LTIP Units to employees and directors under the 1997 Plan during the years ended December 31, 2011, 2010 and 2009, respectively. The Company issued 146,844 non-qualified stock options under the 1997 Plan during the year ended December 31, 2011. The Company issued 400,000 2011 OPP Units under the 1997 Plan during the year ended December 31, 2011. Employees paid $0.01 per share of restricted common stock and $0.25 per LTIP and 2011 OPP Unit. An LTIP Unit is generally the economic equivalent of a share of restricted stock in the Company. The aggregate value of the LTIP Units is included in Noncontrolling Interests in the Consolidated Balance Sheets. The restricted stock and LTIP Units granted to employees between January 1, 2004 and October 2006 vest over a five-year term. Grants of restricted stock and LTIP Units made on and after November 2006 vest in four equal annual installments. Restricted stock and LTIP Units are measured at fair value on the date of grant based on the number of shares or units granted, as adjusted for forfeitures, and the price of the Company'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. As the 2011 OPP Awards are subject to both a service condition and a market condition, the Company recognizes the compensation expense related to the 2011 OPP Awards 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. Dividends paid on both vested and unvested shares of restricted stock are charged directly to Earnings in Excess of Dividends in the Consolidated Balance Sheets. Stock-based compensation expense associated with restricted stock, LTIP Units and 2008 OPP Units and 2011 OPP Units was approximately $28.3 million, $31.9 million and $25.6 million for the years ended Dec ·ber 31, 2011, 2010 and 2009, respectively. Upon the conclusion of the three-year measurement period in February 2011, the 2008 OPP Awards were not ea the program was terminated and the Company accelerated the then remaining unrecognized compensation expense totaling approximately $4.3 million during t' ·ear ended December 31, 2011. For the year ended December 31, 2010, stock-based compensation expense includes an aggregate of approximately $5.8 million of ning previously unvested stock-based compensation granted between 2006 and 2009 to Edward H. Linde, the Company's late Chief Executive Officer, which expense was accelerated as a

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res[illegible] his passing on January 10, 2010. At December 31, 2011, there was $24.7 million of unrecognized compensation expense related to unvested restricted stock and [illegible]P Units and $5.5 million of unrecognized compensation expense related to unvested 2011 OPP Units that is expected to be recognized over a [illegible]ted-average period of approximately 2.5 years.

The shares of restricted stock were valued at approximately $1.8 million ($93.40 per share weighted-average), $4.5 million ($65.31 per share weighted-average) and $2.8 million ($43.89 per share weighted-average) for the years ended December 31, 2011, 2010 and 2009, respectively.

LTIP Units were valued using a Monte Carlo simulation method model in accordance with the provisions of ASC 718 "Compensation—Stock Compensation" ("ASC 718") (formerly SFAS No. 123R). LTIP Units issued during the years ended December 31, 2011, 2010 and 2009 were valued at approximately $16.5 million, $15.3 million and $21.1 million, respectively. The weighted-average per unit fair value of LTIP Unit grants in 2011, 2010 and 2009 was $86.74, $60.49 and $41.05, respectively. The per unit fair value of each LTIP Unit granted in 2011, 2010 and 2009 was estimated on the date of grant using the following assumptions; an expected life of 5.8 years, 5.7 years and 5.6 years, a risk-free interest rate of 2.22%, 2.60% and 1.87% and an expected price volatility of 30.0%, 36.0% and 40.0%, respectively.

The non-qualified stock options granted during the year ended December 31, 2011 had a fair value on the date of grant of $24.67 per option, which was computed using the Black-Scholes option-pricing model utilizing the following assumptions: an expected life of 6.0 years, a risk-free interest rate of 2.37%, an expected price volatility of 35.0% and an expected dividend yield of 3.0%. The exercise price of the options is $92.71, which was the closing price of the Company's common stock on the date of grant.

The 2011 OPP Units were valued at approximately $7.8 million utilizing a Monte Carlo simulation to estimate the probability of the performance vesting conditions being satisfied. The Monte Carlo simulation used a statistical formula underlying the Black-Scholes and binomial formulas and such simulation was run approximately 100,000 times. For each simulation, the payoff is calculated at the settlement date, which is then discounted to the award date at a risk-free interest rate. The average of the values over all simulations is the expected value of the unit on the award date. Assumptions used in the valuations included (1) factors associated with the underlying performance of the Company's stock price and total shareholder return over the term of the performance awards including total stock return volatility and risk-free interest and (2) factors associated with the relative performance of the Company's stock price and total shareholder return when compared to the SNL Equity REIT Index. The valuation was performed in a risk-neutral framework, so no assumption was made with respect to an equity risk premium. The fair value of the 2011 OPP Units is based on the sum of: (1) the present value of the expected payoff to the OPP Award on the measurement date, if the TRS over the applicable measurement period exceeds performance hurdles of the Absolute and the Relative Components; and (2) the present value of the distributions payable on the 2011 OPP Units. The ultimate reward realized on account of the OPP Award by the holders of the 2011 OPP Units is contingent on the TRS achieved on the measurement date, both in absolute terms and relative to the TRS of the SNL Equity REIT Index. The per unit fair value of each 2011 OPP Unit was estimated on the date of grant using the following assumptions in the Monte-Carlo valuation: expected price volatility for the Company and the SNL Equity REIT index of 41% and 37%, respectively; a risk free rate of 0.98%; and estimated total dividend payments over the measurement period of $6.10 per share.

A [illegible]ary of the status of the Company's stock options as of December 31, 2011, 2010 and 2009 and changes during the years then ended are presented below:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2008	1,206,402	$ 34.23
Granted	—	—
Exercised	(242,507)	$ 33.41
Canceled	—	—
Outstanding at December 31, 2009	963,895	$ 34.44
Granted	—	—
Exercised	(638,957)	$ 35.35
Canceled	—	—
Outstanding at December 31, 2010	324,938	$ 32.65
Granted	146,844	$ 92.71
Exercised	(316,159)	$ 32.63
Canceled	—	—
Outstanding at December 31, 2011	155,623	$ 89.35

The following table summarizes information about stock options outstanding at December 31, 2011:

	Options Outstanding			Options Exercisable	
[illegible]ge of Exercise Prices	Number Outstanding at 12/31/11	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/11	Weighted-Average Exercise Price
$32.62-$34.14	8,779	0.1 Years	$ 33.10	8,779	$ 33.10
$92.71	146,844	9.1 Years	$ 92.71	4,854	$ 92.71

The total intrinsic value of the outstanding and exercisable stock options as of December 31, 2011 was approximately $0.6 million. In addition, the Company had 324,938 and 963,895 options exercisable at a weighted-average exercise price of $32.65 and $34.44 at December 31, 2010 and 2009, respectively.

The Company adopted the 1999 Non-Qualified Employee Stock Purchase Plan (the "Stock Purchase Plan") to encourage the ownership of Common Stock by eligible employees. The Stock Purchase Plan became effective on January 1, 1999 with an aggregate maximum of 250,000 shares of Common Stock available for issuance. The Stock Purchase Plan provides for eligible employees to purchase on the business day immediately following the end of the biannual purchase periods (i.e., January 1-June 30 and July 1-December 31) shares of Common Stock at a purchase price equal to 85% of the average closing prices of the Common Stock during the last ten business days of the purchase period. The Company issued 6,356, 9,131 and 12,105 shares with the weighted average purchase price equal to $80.13 per share, $61.61 per share and $42.65 per share under the Stock Purchase Plan during the years ended December 31, 2011, 2010 and 2009, respectively.

18. Related Party Transactions

A firm controlled by Mr. Raymond A. Ritchey's brother was paid aggregate leasing commissions of approximately $671,000, $960,000 and $257,000 for the years ended December 31, 2011, 2010 and 2009, respectively, related to certain exclusive leasing arrangements for certain Northern Virginia properties. Mr. Ritchey is an Executive Vice President of Boston Properties, Inc.

On June 30, 1998, the Company acquired from entities controlled by Mr. Alan B. Landis, a former director, a portfolio of properties known as the Carnegie Center Portfolio and Tower Center One and related operations and development rights (collectively, the "Carnegie Center Portfolio"). In connection with the acquisition of the

Ca ie Center Portfolio, the Operating Partnership entered into a development agreement (the "Development Agreement") with affiliates of Mr. Landis providing fo o approximately 2,000,000 square feet of development in or adjacent to the Carnegie Center office complex. An affiliate of Mr. Landis was entitled to a ase price for each parcel developed under the Development Agreement calculated on the basis of $20 per rentable square foot of property developed. Another ate of Mr. Landis was eligible to earn a contingent payment for each developed property that achieves a stabilized return in excess of a target annual return ranging between 10.5% and 11%. The Development Agreement also provided that upon negotiated terms and conditions, the Company and Mr. Landis would form a development company to provide development services for these development projects and would share the expenses and profits, if any, of this new company. In addition, in connection with the acquisition of the Carnegie Center Portfolio, Mr. Landis became a director of the Company pursuant to an Agreement Regarding Directorship, dated as of June 30, 1998, with the Company (the "Directorship Agreement"). Under the Directorship Agreement, the Company agreed to nominate Mr. Landis for re-election as a director at each annual meeting of stockholders of the Company in a year in which his term expires, provided that specified conditions are met.

On October 21, 2004, the Company entered into an agreement (the "2004 Agreement") to modify several provisions of the Development Agreement. Under the terms of the 2004 Agreement, the Operating Partnership and affiliates of Mr. Landis amended the Development Agreement to limit the rights of Mr. Landis and his affiliates to participate in the development of properties under the Development Agreement. Among other things, Mr. Landis agreed that (1) Mr. Landis and his affiliates will have no right to participate in any entity formed to acquire land parcels or the development company formed by the Operating Partnership to provide development services under the Development Agreement, (2) Mr. Landis will have no right or obligation to play a role in development activities engaged in by the development company formed by the Operating Partnership under the Development Agreement or receive compensation from the development company and (3) the affiliate of Mr. Landis will have no right to receive a contingent payment for developed properties based on stabilized returns. In exchange, the Company (together with the Operating Partnership) agreed to:

- effective as of June 30, 1998, pay Mr. Landis $125,000 on January 1 of each year until the earlier of (A) January 1, 2018, (B) the termination of the Development Agreement or (C) the date on which all development properties under the Development Agreement have been conveyed pursuant to the Development Agreement, with $750,000, representing payments of this annual amount from 1998 to 2004, being paid upon execution of the 2004 Agreement; and

- pay an affiliate of Mr. Landis, in connection with the development of land parcels acquired under the Development Agreement, an aggregate fixed amount of $10.50 per rentable square foot of property developed (with a portion of this amount (i.e., $5.50) being subject to adjustment, in specified circumstances, based on future increases in the Consumer Price Index) in lieu of a contingent payment based on stabilized returns, which payment could have been greater or less than $10.50 per rentable square foot of property developed.

The Operating Partnership also continues to be obligated to pay an affiliate of Mr. Landis the purchase price of $20 per rentable square foot of property developed for each land parcel acquired as provided in the original Development Agreement. During the 20-year term of the Development Agreement, until such time, if any, as the O ting Partnership elects to acquire a land parcel, an affiliate of Mr. Landis will remain responsible for all carrying costs associated with such land parcel. On J 4, 2007, the Company acquired from Mr. Landis 701 Carnegie Center, a land parcel located in Princeton, New Jersey for a purchase price of approximately $3.1 on.

In addition, in connection with entering into the 2004 Agreement, Mr. Landis resigned as a director of the Company effective as of May 11, 2005 and agreed that the Company had no future obligation to nominate Mr. Landis as a director of the Company under the Directorship Agreement or otherwise. Mr. Landis did not resign because of a disagreement with the Company on any matter relating to its operations, policies or practices. Mitchell S. Landis, the Senior Vice President and Regional Manager of the Company's Princeton, New Jersey region, is the brother of Alan B. Landis.

In ʳdance with the Company's 1997 Plan, and as approved by the Board of Directors, five non-employee directors made an election to receive deferred stock units in ɔf cash fees for 2011. The deferred stock units will be settled in shares of common stock upon the cessation of such director's service on the Board of Directors. ᵊsult of these elections, the aggregate cash fees otherwise payable to a non-employee director during a fiscal quarter are converted into a number of deferred s. units equal to the aggregate cash fees divided by the last reported sales price of a share of the Company's common stock on the last trading of the applicable fiscal quarter. The deferred stock units are also credited with dividend equivalents as dividends are paid by the Company. At December 31, 2011 and 2010, the Company had outstanding 79,856 and 73,218 deferred stock units, respectively.

19. Selected Interim Financial Information (unaudited)

The tables below reflect the Company's selected quarterly information for the years ended December 31, 2011 and 2010. Certain prior period amounts have been reclassified to conform to the current year presentation. The quarter ended December 31, 2011 includes the gain on sale of Two Grand Central Tower totaling approximately $46.2 million, which is included within income from unconsolidated joint ventures on the Company's consolidated statements of operations (See Note 5). The quarter ended December 31, 2010 includes losses from early extinguishments of debt aggregating approximately $81.7 million primarily associated with the redemption of $700.0 million in aggregate principal amount of 6.25% senior notes due 2013.

	2011 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(in thousands, except for per share amounts)			
Total revenue	$ 417,875	$ 436,451	$ 452,413	$ 452,787
Income from continuing operations	$ 48,194	$ 69,738	$ 80,451	$ 115,443
Net income attributable to Boston Properties, Inc.	$ 40,813	$ 60,214	$ 70,542	$ 101,644
Income attributable to Boston Properties, Inc. per share—basic	$ 0.29	$ 0.41	$ 0.48	$ 0.69
Income attributable to Boston Properties, Inc. per share—diluted	$ 0.29	$ 0.41	$ 0.48	$ 0.69

	2010 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(in thousands, except for per share amounts)			
ıl revenue	$ 378,071	$ 393,841	$ 386,410	$ 392,482
come (loss) from continuing operations	$ 60,742	$ 71,518	$ 68,089	$ (12,756)
ɛt income (loss) attributable to Boston Properties, Inc.	$ 52,714	$ 61,412	$ 57,668	$ (12,903)
ıncome (loss) attributable to Boston Properties, Inc. per share—basic	$ 0.38	$ 0.44	$ 0.41	$ (0.09)
Income (loss) attributable to Boston Properties, Inc. per share—diluted	$ 0.38	$ 0.44	$ 0.41	$ (0.09)

20. Subsequent Events

On January 3, 2012, the Company commenced the redevelopment of 12300 Sunrise Valley Drive, a Class A office project with approximately 256,000 net rentable square feet located in Reston, Virginia. The Company will capitalize incremental costs during the redevelopment.

On January 10, 2012, the Company announced that holders of the 2.875% Exchangeable Senior Notes due 2037 (the "Notes") of its Operating Partnership have the right to surrender their Notes for purchase by the Operating Partnership (the "Put Right") on February 15, 2012. In connection with the Put Right, on January 10, 2012, the Operating Partnership distributed a Put Right Notice to the holders of the Notes and filed a Schedule TO with the Securities and Exchange Commission. The opportunity to exercise the Put Right expired at 5:00

p.m. New York City time, on February 8, 2012. On January 10, 2012, the Company also announced that the Operating Partnership issued a notice of redemption to the holders of the Notes to redeem, on February 20, 2012 (the "Redemption Date"), all of the Notes outstanding on the Redemption Date. In connection with the redemption, holders of the Notes had the right to exchange their Notes prior to 5:00 p.m., New York City time, on February 16, 2012. Notes with respect to which the Put Right was not exercised (or with respect to which the Put Right is exercised and subsequently withdrawn prior to the withdrawal deadline) and that were not surrendered for exchange prior to 5:00 p.m., New York City time, on February 16, 2012, were redeemed by the Operating Partnership on the Redemption Date at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest thereon to, but excluding, the Redemption Date. Holders of an aggregate of $242,735,000 of the Notes exercised the Put Right and the Company repurchased such Notes on February 15, 2012. On February 20, 2012, the Company redeemed the remaining $333,459,000 of outstanding Notes at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest thereon.

On January 25, 2012, the Company's Compensation Committee approved outperformance awards under the Company's 1997 Plan to officers and employees of the Company. These awards (the "2012 OPP Awards") are part of a broad-based, long-term incentive compensation program designed to provide the Company's management team with the potential to earn equity awards subject to the Company "outperforming" and creating shareholder value in a pay-for-performance structure. Recipients of 2012 OPP Awards will share in a maximum outperformance pool of $40.0 million if the total return to shareholders, including both share appreciation and dividends, exceeds absolute and relative hurdles over a three-year measurement period from February 7, 2012 to February 6, 2015. Earned awards are generally subject to two-years of time-based vesting after the performance measurement date. The Company expects that under the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 718 "Compensation—Stock Compensation" the 2012 OPP Awards will have an aggregate value of approximately $7.7 million, which amount will be amortized into earnings over the five-year plan period under the graded vesting method.

As previously disclosed, the Company notified the master servicer of the non-recourse mortgage loan collateralized by the Company's Montvale Center property located in Gaithersburg, Maryland that the cash flows generated from the property were insufficient to fund debt service payments and capital improvements necessary to lease and operate the property and that the Company was not prepared to fund any cash shortfalls. The Company is not current on making debt service payments and is currently accruing interest at the default interest rate of 9.93% per annum. The loan was originally scheduled to mature on June 6, 2012. However, a receiver has been appointed for the property and the Company expects the property to be transferred to the lender during the first quarter of 2012.

On February 3, 2012, the Company issued 19,521 shares of restricted common stock, 156,652 LTIP units and 165,538 non-qualified stock options under the 1997 Plan to certain employees of the Company.

On February 10, 2012, the Company entered into an agreement to acquire 453 Ravendale Avenue in Mountain View, California for an aggregate purchase price of approximately $6.7 million in cash. 453 Ravendale Avenue is an approximately 30,000 net rentable square foot office/technical property located in Mountain View, California. The closing is subject to customary closing conditions and termination rights for transactions of this type. There can be no assurance that the acquisition will be completed on the terms currently contemplated or at all.

On February 13, 2012, E. Mitchell Norville announced that he will resign as Executive Vice President, Chief Operating Officer of the Company effective on February 29, 2012. In connection with his resignation, Mr. Norville entered into a separation agreement (the "Separation Agreement") with the Company. Under the Separation Agreement, the Company agreed to pay Mr. Norville cash payments totaling approximately $1,533,333 (less applicable deductions) in addition to his cash bonus for 2011, which was $950,000. In addition, Mr. Norville has agreed to provide consulting services to the Company for at least two months following the effective date of his resignation for which he will receive $20,000 per month. Under the Separation Agreement,

Mr. Norville will be entitled to accelerated vesting with respect to 23,502 LTIP units in Boston Properties Limited Partnership and stock options to purchase 4,464 shares of common stock at an exercise price of $92.71 and 5,117 shares of common stock at an exercise price of $104.47. Mr. Norville will also retain approximately 3[illegible] [illegible]his 2011 outperformance award, which will remain subject to the performance-based vesting criteria originally established for the 2011 outperformance a[illegible]s. Mr. Norville agreed to one-year non-competition, non-solicitation and non-interference provisions, and provided the Company with a general release of [illegible]s.

On February 16, 2012, the Company entered into an agreement to acquire 100 Federal Street in Boston, Massachusetts for an aggregate investment of $615.0 million in cash. 100 Federal Street is an approximately 1,300,000 net rentable square foot, 37-story Class A office tower located in Boston, Massachusetts. The Company posted a cash deposit of $25.0 million to secure its obligations under the agreement, which amount will be credited to the Company at closing. The closing is subject to customary closing conditions and termination rights for transactions of this type. There can be no assurance that the acquisition will be completed on the terms currently contemplated, or at all.

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PART IV

It[illegible] [illegible]

Exhibits and Financial Statement Schedules

[illegible]nancial Statement Schedule

Boston Properties, Inc.
Schedule 3—Real Estate and Accumulated Depreciation
December 31, 2011
(dollars in thousands)

				Original		Costs Capitalized Subsequent to	Land and	Building and	Land Held for	Development and		Accumulated	Year(s) Built/	Depreciable Lives
Property Name	Type	Location	Encumbrances	Land	Building	Acquisition	Improvements	Improvements	Development	Construction in Progress	Total	Depreciation	Renovated	(Years)
Embarcadero Center	Office	San Francisco, CA	$ 370,091	$ 179,697	$ 847,410	$ 278,722	$ 195,984	$ 1,109,845	$ —	$ —	$ 1,305,829	$ 397,177	1970/1989	(1)
Prudential Center	Office	Boston, MA	—	92,077	734,594	323,490	107,428	1,026,936	15,797	—	1,150,161	349,127	1965/1993/2002	(1)
399 Park Avenue	Office	New York, NY	—	339,200	700,358	89,720	354,107	775,171	—	—	1,129,278	177,001	1961	(1)
601 Lexington Avenue	Office	New York, NY	725,000	241,600	494,782	212,551	289,639	659,294	—	—	948,933	163,031	1977/1997	(1)
The [illegible]wer [illegible]d Garage	Office	Boston, MA	660,033	219,543	667,884	38,678	219,616	706,489	—	—	926,105	25,299	1976	(1)
Times Square Tower	Office	New York, NY	—	165,413	380,438	83,353	169,193	460,011	—	—	629,204	110,416	2004	(1)
Carnegie Center	Office	Princeton, NJ	—	105,107	377,259	59,401	103,062	436,766	1,939	—	541,767	147,906	1983-1999	(1)
Atlantic Wharf	Office	Boston, MA	—	63,988	454,537	—	63,988	454,537	—	—	518,525	10,101	2011	(1)
599 Lexington Avenue	Office	New York, NY	750,000	81,040	100,507	120,055	87,852	213,750	—	—	301,602	131,768	1986	(1)
Gateway Center	Office	San Francisco, CA	—	28,255	139,245	48,457	30,627	185,330	—	—	215,957	65,219	1984/1986/2002	(1)
South of Market	Office	Reston, VA	—	13,603	164,144	9,110	13,687	173,170	—	—	186,857	24,610	2008	(1)
2200 Pennsylvania Avenue	Office	Washington, DC	—	—	183,541	—	—	183,541	—	—	183,541	4,154	2011	(1)
Bay Colony Corpor[illegible]te [illegible]nter	Office	Waltham, MA	145,673	18,789	148,451	4,670	18,789	153,121	—	—	171,910	6,248	1985-1989	(1)
[illegible]eserv[illegible]ir [illegible]lace	Office	Waltham, MA	—	18,605	92,619	25,696	20,118	116,802	—	—	136,920	43,467	1955/1987	(1)
3200 Zanker	Office	San Jose, CA	—	36,705	82,863	13,542	36,997	93,454	2,659	—	133,110	18,206	1988	(1)

Road														
505 9th Street	Office	Washington, DC	125,844	38,885	83,719	5,661	42,082	86,183	—	—	128,265	13,800	2007	(1)
1333 New Hampsh[illegible]	Office	Washington, DC	—	34,032	85,660	7,688	35,382	91,998	—	—	127,380	25,512	1996	(1)
[illegible] Towne Center	Office	Alexandria, VA	54,790	18,021	109,038	(428)	18,062	108,569	—	—	126,631	19,283	2003-2006	(1)
1330 Connecticut Avenue	Office	Washington, DC	—	25,982	82,311	16,182	27,135	97,340	—	—	124,475	23,054	1984	(1)
Capital Gallery	Office	Washington, DC	—	4,725	29,565	90,125	8,662	115,753	—	—	124,415	46,636	1981/2006	(1)
635 Massachusetts Avenue	Office	Washington, DC	—	95,281	22,221	2,510	95,293	22,257	2,462	—	120,012	12,876	1968/1992	(1)
Weston Corporate Center	Office	Weston, MA	—	25,753	92,312	(149)	25,852	92,064	—	—	117,916	4,820	2010	(1)
One Freedom Square	Office	Reston, VA	66,092	9,929	84,504	15,290	11,293	98,430	—	—	109,723	36,740	2000	(1)
Two Freedom Square	Office	Reston, VA	—	13,930	77,739	12,649	15,420	88,898	—	—	104,318	30,804	2001	(1)
Seven Cambridge [illegible]er	Office	Cambridge, MA	—	3,457	97,136	2,880	4,125	99,348	—	—	103,473	35,558	2006	(1)
[illegible] Reston Overlook	Office	Reston, VA	—	16,456	66,192	13,195	17,561	78,282	—	—	95,843	23,776	1999	(1)
Discovery Square	Office	Reston, VA	—	11,198	71,782	9,017	12,533	79,464	—	—	91,997	24,400	2001	(1)
140 Kendrick Street	Office	Needham, MA	50,291	18,095	66,905	4,246	19,092	70,154	—	—	89,246	13,686	2000	(1)
Waltham Weston Corporate Center	Office	Waltham, MA	—	10,385	60,694	9,625	11,097	69,607	—	—	80,704	24,588	2003	(1)
Five Cambridge Center	Office	Cambridge, MA	—	18,863	53,346	7,901	18,938	61,172	—	—	80,110	14,816	1981/1996	(1)
77 CityPoint	Office	Waltham, MA	—	13,847	60,383	3,115	13,873	63,472	—	—	77,345	7,532	2008	(1)
12300 Sunrise Valley Drive	Office	Reston, VA	—	9,062	58,884	8,489	11,009	65,426	—	—	76,435	41,344	1987/1988	(1)
Four Cambridge Center	Office	Cambridge, MA	—	19,104	52,078	3,888	19,148	55,922	—	—	75,070	8,553	1983/1998	(1)
Demo[illegible]cy [illegible]er	Office	Reston, VA	—	—	73,335	431	—	73,766	—	—	73,766	6,284	2009	(1)
[illegible]yPoint	Office	Waltham, MA	—	13,189	49,823	10,489	13,593	59,908	—	—	73,501	13,395	1992	(1)
North	Office	San Jose,	—	58,402	13,069	1,961	23,37	14,34	35,710	—	73,432	6,432	1981	(1)

First Business Park		CA					7	5						
2440 West El [illegible]	Office	Mountain View, CA	—	16,741	51,285	—	16,741	51,285	—	—	68,026	166	1987/2003	(1)
[illegible] Place	Office	Chevy Chase, MD	—	—	53,349	12,952	—	66,301	—	—	66,301	6,123	2009	(1)

Boston Properties, Inc.
Schedule 3 - Real Estate and Accumulated Depreciation
December 31, 2011
(dollars in thousands)

				Original		Costs	Land and							
Property Name	Type	Location	Encumbrances	Land	Building	Capitalized Subsequent to Acquisition	Improvements	Building and Improvements	Land Held for Development	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built/ Renovated	Depreciable Lives (Years)
Reston Corporate Center	Office	Reston, VA	—	9,135	50,857	5,334	10,148	55,178	—	—	65,326	18,021	1984	(1)
New Dominion Technology Park, Bldg. Two	Office	Herndon, VA	63,000	5,584	51,868	3,694	6,510	54,636	—	—	61,146	12,970	2004	(1)
One Preserve Parkway	Office	Rockville, MD	—	5,357	42,186	7,156	5,357	49,342	—	—	54,699	4,618	2009	(1)
New Dominion Technology Park, Bldg.	Office	Herndon, VA	47,406	3,880	43,227	3,882	4,583	46,406	—	—	50,989	16,382	2001	(1)
ner uare	Office	Washington, DC	23,827	624	28,745	21,294	1,478	49,185	—	—	50,663	19,627	1985	(1)
3 imaden Boulevard	Office	San Jose, CA	—	10,836	35,606	3,983	10,947	39,478	—	—	50,425	7,502	1995	(1)
1301 New York Avenue	Office	Washington, DC	—	9,250	18,750	20,746	9,867	38,879	—	—	48,746	14,740	1983/1998	(1)
200 West Street	Office	Waltham, MA	—	16,148	24,983	7,455	16,813	31,773	—	—	48,586	12,209	1999	(1)
191 Spring Street	Office	Lexington, MA	—	2,850	27,166	17,481	3,151	44,346	—	—	47,497	26,795	1971/1995	(1)
Bedford Business Park	Office	Bedford, MA	—	534	3,403	40,988	2,218	42,707	—	—	44,925	24,518	1980	(1)
University Place	Office	Cambridge, MA	16,220	—	37,091	6,785	390	43,486	—	—	43,876	17,757	1985	(1)
2600 Tower Oaks Boulevard	Office	Rockville, MD	—	4,243	31,125	7,580	4,785	38,163	—	—	42,948	14,095	2001	(1)
Quorum Office Park	Office	Chelmsford, MA	—	3,750	32,454	5,196	5,187	36,213	—	—	41,400	11,042	2001	(1)
One Cambridge Center	Office	Cambridge, MA	—	134	25,110	13,264	548	37,960	—	—	38,508	22,813	1987	(1)
90 rise alley ive	Office	Reston, VA	—	3,594	32,977	1,374	4,009	33,936	—	—	37,945	10,329	2006	(1)
00 E Street	Office	Washington, DC	—	109	22,420	11,915	2,379	32,065	—	—	34,444	18,501	1987	(1)

Eight Cambridge Center	Office	Cambridge, MA	—	850	25,042	5,745	1,323	30,314	—	—	31,637	8,177	1999	(1)
10 and 20 Burling[illegible]d	Office	Burlington, MA	—	930	6,928	13,118	802	20,174	—	—	20,976	12,567	1984-1989/ 95-96	(1)
[illegible]ambridge Center	Office	Cambridge, MA	—	1,299	12,943	6,109	2,395	17,956	—	—	20,351	10,120	1990	(1)
Three Cambridge Center	Office	Cambridge, MA	—	174	12,200	6,021	367	18,028	—	—	18,395	8,712	1987	(1)
201 Spring Street	Office	Lexington, MA	—	2,849	15,303	(154)	3,124	14,874	—	—	17,998	5,082	1997	(1)
Montvale Center	Office	Gaithersburg, MD	25,000	1,574	9,786	6,558	2,555	15,363	—	—	17,918	9,665	1987	(1)
40 Shattuck Road	Office	Andover, MA	—	709	14,740	1,906	893	16,462	—	—	17,355	4,340	2001	(1)
Lexington Office Park	Office	Lexington, MA	—	998	1,426	12,975	1,264	14,135	—	—	15,399	8,959	1982	(1)
6601 & 6605 Springfield Center Drive	Office	Springfield, VA	—	14,041	2,375	(1,836)	3,777	714	10,089	—	14,580	702	1990	(1)
92-100 Hayden Avenue	Office	Lexington, MA	—	594	6,748	6,976	802	13,516	—	—	14,318	8,127	1985	(1)
181 Spring Street	Office	Lexington, MA	—	1,066	9,520	2,407	1,160	11,833	—	—	12,993	3,783	1999	(1)
195 West [illegible]t	Office	Waltham, MA	—	1,611	6,652	4,175	1,858	10,580	—	—	12,438	5,310	1990	(1)
[illegible]rtwe[illegible] Avenue	Office	Lexington, MA	—	784	6,464	4,458	941	10,765	—	—	11,706	6,874	1985	(1)
Waltham Office Center	Office	Waltham, MA	—	422	2,719	8,402	384	8,445	2,714	—	11,543	7,543	1968-1970/ 87-88	(1)
Eleven Cambridge Center	Office	Cambridge, MA	—	121	5,535	5,263	324	10,595	—	—	10,919	7,028	1984	(1)
7501 Boston Boulevard, Building Seven	Office	Springfield, VA	—	665	9,273	544	791	9,691	—	—	10,482	3,410	1997	(1)
33 Hayden Avenue	Office	Lexington, MA	—	266	3,234	6,042	425	9,117	—	—	9,542	6,740	1979	(1)
7435 Boston Boulevard, Building One	Office	Springfield, VA	—	392	3,822	3,734	659	7,289	—	—	7,948	4,793	1982	(1)
7450 Boston Boulevard, Building Three	Office	Springfield, VA	—	1,165	4,681	1,915	1,430	6,331	—	—	7,761	2,568	1987	(1)
8000 Grainger [illegible]rt, [illegible]idin[illegible] Five	Office	Springfield, VA	—	366	4,282	2,745	601	6,792	—	—	7,393	4,531	1984	(1)
[illegible]00 Boston Boulev	Office	Springfield, VA	—	138	3,749	2,302	406	5,783	—	—	6,189	3,711	1985	(1)

ard, Building Six

7601 Boston Boulevard, B[illegible]	Office	Springfield, VA	—	200	878	4,875	551	5,402	—	—	5,953	3,251	1986	(1)
[illegible]ambridge Center	Office	Cambridge, MA	—	110	4,483	1,223	273	5,543	—	—	5,816	3,529	1983	(1)
7300 Boston Boulevard, Building Thirteen	Office	Springfield, VA	—	608	4,773	230	661	4,950	—	—	5,611	3,231	2002	(1)
8000 Corporate Court, Building Eleven	Office	Springfield, VA	—	136	3,071	1,483	775	3,915	—	—	4,690	2,089	1989	(1)
7375 Boston Boulevard, Building Ten	Office	Springfield, VA	—	23	2,685	1,007	93	3,622	—	—	3,715	2,049	1988	(1)
7374 Boston Boulevard, Building Four	Office	Springfield, VA	—	241	1,605	1,714	398	3,162	—	—	3,560	2,103	1984	(1)
7451 Boston Boulevard, [illegible]din[illegible]o	Office	Springfield, VA	—	249	1,542	1,313	613	2,491	—	—	3,104	2,017	1982	(1)
[illegible]ington Road	Office	Billerica, MA	—	592	1,370	349	643	1,668	—	—	2,311	650	1982	(1)
32 Hartwell Avenue	Office	Lexington, MA	—	168	1,943	150	314	1,947	—	—	2,261	1,359	1968-1979/ 1987	(1)
17 Hartwell Avenue	Office	Lexington, MA	—	26	150	778	65	889	—	—	954	416	1968	(1)

Boston Properties, Inc.
Schedule 3 - Real Estate and Accumulated Depreciation
December 31, 2011
(dollars in thousands)

				Original		Costs Capitalized Subsequent to	Land and	Building and	Land Held for	Development and		Accumulated	Year(s) Built/	Depreciable
Property Name	Type	Location	Encumbrances	Land	Building	Acquisition	Improvements	Improvements	Development	Construction in Progress	Total	Depreciation	Renovated	Lives (Years)
Residences on The Avenue, 2221 I St., NW	Residential	Washington, DC	—	—	119,874	—	—	119,874	—	—	119,874	1,764	2011	(1)
The Lofts at Atlantic Wharf	Residential	Boston, MA	—	3,529	54,891	—	3,529	54,891	—	—	58,420	673	2011	(1)
Cambridge Center Marriott	Hotel	Cambridge, MA	—	478	37,918	33,215	1,201	70,410	—	—	71,611	40,030	1986	(1)
Cambridge Center East Garage	Garage	Cambridge, MA	—	—	35,035	1,487	103	36,419	—	—	36,522	4,758	1984	(1)
Cambridge Center West Garage	Garage	Cambridge, MA	—	1,256	15,697	1,158	1,434	16,677	—	—	18,111	2,538	2006	(1)
'bri ter rth Garage	Garage	Cambridge, MA	—	1,163	11,633	2,750	1,579	13,967	—	—	15,546	7,334	1990	(1)
250 West 55th Street	Development	New York, NY	—	—	—	527,964	—	—	—	527,964	527,964	—	N/A	N/A
510 Madison Avenue	Development	New York, NY	—	—	—	345,910	45,320	109,867	—	190,723	345,910	1,112	N/A	N/A
12310 Sunrise Valley Drive	Development	Reston, VA	—	9,367	67,431	63,419	11,343	74,052	—	54,822	140,217	48,852	1987/1988	(1)
Reston Town Center Residential	Development	Reston, VA	—	—	—	24,969	—	—	—	24,969	24,969	—	N/A	N/A
17 Cambridge Center	Development	Cambridge, MA	—	—	—	20,207	—	—	—	20,207	20,207	—	N/A	N/A
Plaza at Almaden	Land	San Jose, CA	—	—	—	37,306	—	—	37,306	—	37,306	—	N/A	N/A
Springfield Metro Center	Land	Springfield, VA	—	—	—	31,845	—	—	31,845	—	31,845	—	N/A	N/A
Tower Oaks Master Plan	Land	Rockville, MD	—	—	—	28,619	—	—	28,619	—	28,619	—	N/A	N/A
Prospect	Land	Waltham, MA	—	—	—	23,819	—	667	23,152	—	23,819	—	N/A	N/A
shin onian orth	Land	Gaithersburg, MD	—	—	—	17,704	—	—	17,704	—	17,704	—	N/A	N/A
103 4th Avenue	Land	Waltham, MA	—	11,911	—	—	—	—	11,911	—	11,911	—	N/A	N/A

Cambridge Master Plan	Land	Cambridge, MA	—	—	—	10,693	—	—	10,693	—	10,693	—	N/A	N/A
Reston Gateway	Land	Reston, VA	—	—	—	9,458	—	—	9,458	—	9,458	—	N/A	N/A
[illegible]n [illegible]te	Land	Reston, VA	—	—	—	8,772	—	—	8,772	—	8,772	—	N/A	N/A
[illegible]ne [illegible]dow	Land	Marlborough, MA	—	—	—	8,723	—	—	8,723	—	8,723	—	N/A	N/A
Broad Run Business Park	Land	Loudon County, VA	—	—	—	7,729	1,621	—	6,108	—	7,729	—	N/A	N/A
30 Shattuck Road	Land	Andover, MA	—	—	—	1,161	—	—	1,161	—	1,161	—	N/A	N/A
			$ 3,123,267(2)	$ 2,216,058	$ 8,104,331	$ 3,042,724	$ 2,356,522	$ 9,921,084	$ 266,822	$ 818,685	$ 13,363,113	$ 2,626,324		

Note: Total Real Estate does not include Furniture, Fixtures and Equipment totaling approximately $26,359. Accumulated Depreciation does not include approximately $16,662 of accumulated depreciation related to Furniture, Fixtures and Equipment.

The aggregate cost and accumulated depreciation for tax purposes was approximately $12.2 billion and $2.2 billion, respectively.

(1) Depreciation of the buildings and improvements are calculated over lives ranging from the life of the lease to 40 years.

(2) Includes the unamortized balance of the historical fair value adjustment totaling approximately $23.8 million.

Boston Properties, Inc.
Real Estate and Accumulated Depreciation
December 31, 2011
(dollars in thousands)

A summary of activity for real estate and accumulated depreciation is as follows:

	2011	2010	2009
Real Estate:			
Balance at the beginning of the year	$ 12,740,892	$ 11,075,879	$ 10,602,278
Additions to/improvements of real estate	668,084	1,669,926	481,237
Assets sold/written-off	(45,863)	(4,913)	(7,636)
Balance at the end of the year	$ 13,363,113	$ 12,740,892	$ 11,075,879
Accumulated Depreciation:			
Balance at the beginning of the year	$ 2,308,665	$ 2,020,056	$ 1,755,600
Depreciation expense	362,636	292,561	269,394
Assets sold/written-off	(44,977)	(3,952)	(4,938)
Balance at the end of the year	$ 2,626,324	$ 2,308,665	$ 2,020,056

Note: Real Estate and Accumulated Depreciation amounts do not include Furniture, Fixtures and Equipment.

EXHIBIT D

It 2. *Properties*

ecember 31, 2011, we owned or had interests in 153 properties, totaling approximately 42.2 million net rentable square feet, including seven properties under truction totaling approximately 2.6 million net rentable square feet. In addition, we had structured parking for approximately 44,528 vehicles containing approximately 15.1 million square feet. Our properties consisted of (1) 146 office properties, including 128 Class A office buildings, including six properties under construction, and 18 properties that support both office and technical uses, (2) three retail properties, (3) one hotel and (4) three residential properties (one of which is under construction). In addition, we own or control 510.5 acres of land for future development. The table set forth below shows information relating to the properties we owned, or in which we had an ownership interest, at December 31, 2011. Information relating to properties owned by the Value-Added Fund is not included in our portfolio information tables or any other portfolio level statistics because the Value-Added Fund invests in assets within our existing markets that have deficiencies in property characteristics which provide an opportunity to create value through repositioning, refurbishment or renovation. We therefore believe including such information in our portfolio tables and statistics would render the portfolio information less useful to investors. Information relating to the Value-Added Fund is set forth separately below.

Properties	Location	% Leased as of December 31, 2011	Number of Buildings	Net Rentable Square Feet
Class A Office				
General Motors Building (60% ownership)	New York, NY	96.7%	1	1,808,413
John Hancock Tower	Boston, MA	97.6%	1	1,723,276
399 Park Avenue	New York, NY	98.8%	1	1,707,476
601 Lexington Avenue	New York, NY	98.0%	1	1,630,318
Times Square Tower	New York, NY	98.5%	1	1,245,818
800 Boylston Street—The Prudential Center	Boston, MA	98.5%	1	1,234,428
599 Lexington Avenue	New York, NY	96.5%	1	1,045,128
Bay Colony Corporate Center	Waltham, MA	62.7%	4	985,334
Embarcadero Center Four	San Francisco, CA	80.4%	1	936,721
111 Huntington Avenue—The Prudential Center	Boston, MA	61.6%	1	859,433
Embarcadero Center One	San Francisco, CA	93.1%	1	833,723
Atlantic Wharf Office	Boston, MA	78.5%	1	797,873
Embarcadero Center Two	San Francisco, CA	98.8%	1	779,768
Embarcadero Center Three	San Francisco, CA	97.9%	1	775,086
South of Market	Reston, VA	100.0%	3	647,670
Capital Gallery	Washington, DC	96.0%	1	627,336
Metropolitan Square (51% ownership)	Washington, DC	99.8%	1	588,917
125 West 55th Street (60% ownership)	New York, NY	100.0%	1	583,617
3200 Zanker Road	San Jose, CA	52.0%	4	543,900
901 New York Avenue (25% ownership)	Washington, DC	99.8%	1	539,229
Reservoir Place	Waltham, MA	80.2%	1	526,080
601 and 651 Gateway	South San Francisco, CA	93.7%	2	506,224
101 Huntington Avenue—The Prudential Center	Boston, MA	100.0%	1	505,939
2200 Pennsylvania Avenue	Washington, DC	93.9%	1	458,831
One Freedom Square	Reston, VA	97.8%	1	424,016
Two Freedom Square	Reston, VA	96.7%	1	421,142

Properties	Location	% Leased as of December 31, 2011	Number of Buildings	Net Rentable Square Feet
One Tower Center	East Brunswick, NJ	47.2%	1	414,648
Market Square North (50% ownership)	Washington, DC	83.1%	1	408,965
140 Kendrick Street	Needham, MA	100.0%	3	380,987
One and Two Discovery Square	Reston, VA	100.0%	2	366,990
Weston Corporate Center	Weston, MA	100.0%	1	356,995
505 9th Street, NW (50% ownership)	Washington, DC	100.0%	1	321,943
One Reston Overlook	Reston, VA	99.1%	1	320,670
1333 New Hampshire Avenue	Washington, DC	98.5%	1	315,371
Waltham Weston Corporate Center	Waltham, MA	84.3%	1	306,687
230 CityPoint	Waltham, MA	99.1%	1	301,373
Wisconsin Place Office	Chevy Chase, MD	96.5%	1	299,186
540 Madison Avenue (60% ownership)	New York, NY	94.2%	1	289,295
Quorum Office Park	Chelmsford, MA	82.5%	2	267,527
Reston Corporate Center	Reston, VA	100.0%	2	261,046
New Dominion Technology Park—Building Two	Herndon, VA	100.0%	1	257,400
611 Gateway	South San Francisco, CA	100.0%	1	256,302
200 West Street	Waltham, MA	78.7%	1	256,245
12300 Sunrise Valley(1)	Reston, VA	100.0%	1	255,244
1330 Connecticut Avenue	Washington, DC	100.0%	1	252,136
500 E Street, SW	Washington, DC	100.0%	1	248,336
Five Cambridge Center	Cambridge, MA	100.0%	1	240,480
Democracy Tower	Reston, VA	100.0%	1	235,436
New Dominion Technology Park—Building One	Herndon, VA	100.0%	1	235,201
510 Carnegie Center	Princeton, NJ	100.0%	1	234,160
One Cambridge Center	Cambridge, MA	86.1%	1	215,573
601 Massachusetts Avenue (formerly 635 Massachusetts Avenue)(1)	Washington, DC	100.0%	1	211,000
77 CityPoint	Waltham, MA	100.0%	1	209,707
Sumner Square	Washington, DC	96.7%	1	208,892
Four Cambridge Center	Cambridge, MA	57.5%	1	199,131
University Place	Cambridge, MA	100.0%	1	195,282
North First Business Park(1)	San Jose, CA	75.8%	5	190,636
1301 New York Avenue	Washington, DC	100.0%	1	188,357
One Preserve Parkway	Rockville, MD	83.9%	1	183,734
12290 Sunrise Valley	Reston, VA	100.0%	1	182,424
2600 Tower Oaks Boulevard	Rockville, MD	66.5%	1	178,865
Eight Cambridge Center	Cambridge, MA	100.0%	1	177,226
Lexington Office Park	Lexington, MA	77.0%	2	166,745
210 Carnegie Center	Princeton, NJ	94.4%	1	162,372
206 Carnegie Center	Princeton, NJ	100.0%	1	161,763
191 Spring Street	Lexington, MA	100.0%	1	158,900
303 Almaden	San Jose, CA	91.5%	1	158,499
Kingstowne Two	Alexandria, VA	98.2%	1	156,251
Ten Cambridge Center	Cambridge, MA	100.0%	1	152,664
10 & 20 Burlington Mall Road	Burlington, MA	83.9%	2	152,097
Kingstowne One	Alexandria, VA	83.5%	1	151,195
214 Carnegie Center	Princeton, NJ	62.5%	1	150,774

Properties	Location	% Leased as of December 31, 2011	Number of Buildings	Net Rentable Square Feet
212 Carnegie Center	Princeton, NJ	63.4%	1	150,395
506 Carnegie Center	Princeton, NJ	74.8%	1	145,213
2440 West El Camino Real	Mountain View, CA	100.0%	1	140,042
Two Reston Overlook	Reston, VA	100.0%	1	134,615
202 Carnegie Center	Princeton, NJ	92.7%	1	130,582
508 Carnegie Center	Princeton, NJ	20.3%	1	128,662
101 Carnegie Center	Princeton, NJ	87.7%	1	123,659
Montvale Center (2)	Gaithersburg, MD	79.4%	1	123,392
504 Carnegie Center	Princeton, NJ	100.0%	1	121,990
91 Hartwell Avenue	Lexington, MA	60.4%	1	121,425
40 Shattuck Road	Andover, MA	82.4%	1	121,216
701 Carnegie Center	Princeton, NJ	100.0%	1	120,000
502 Carnegie Center	Princeton NJ	81.7%	1	118,120
Annapolis Junction (50% ownership)	Annapolis, MD	100.0%	1	117,599
Three Cambridge Center	Cambridge, MA	100.0%	1	109,358
201 Spring Street	Lexington, MA	100.0%	1	106,300
104 Carnegie Center	Princeton, NJ	85.4%	1	102,830
Bedford Business Park	Bedford, MA	100.0%	1	92,207
33 Hayden Avenue	Lexington, MA	43.7%	1	80,128
Eleven Cambridge Center	Cambridge, MA	86.3%	1	79,616
Reservoir Place North	Waltham, MA	100.0%	1	73,258
105 Carnegie Center	Princeton, NJ	55.4%	1	69,955
32 Hartwell Avenue	Lexington, MA	100.0%	1	69,154
Waltham Office Center(1)	Waltham, MA	20.0%	1	67,005
302 Carnegie Center	Princeton, NJ	65.1%	1	64,926
195 West Street	Waltham, MA	100.0%	1	63,500
100 Hayden Avenue	Lexington, MA	100.0%	1	55,924
181 Spring Street	Lexington, MA	100.0%	1	55,792
211 Carnegie Center	Princeton, NJ	100.0%	1	47,025
92 Hayden Avenue	Lexington, MA	100.0%	1	31,100
201 Carnegie Center	Princeton, NJ	100.0%	—	6,500
Subtotal for Class A Office Properties		91.1%	122	36,701,894
Retail				
Shops at The Prudential Center	Boston, MA	99.2%	1	504,089
Kingstowne Retail	Alexandria, VA	100.0%	1	88,288
Shaws Supermarket at The Prudential Center	Boston, MA	100.0%	1	57,235
Subtotal for Retail Properties		99.4%	3	649,612
Office/Technical Properties				
Bedford Business Park	Bedford, MA	87.3%	2	377,884
Seven Cambridge Center	Cambridge, MA	100.0%	1	231,028
7601 Boston Boulevard	Springfield, VA	100.0%	1	103,750
7435 Boston Boulevard	Springfield, VA	100.0%	1	103,557
8000 Grainger Court	Springfield, VA	100.0%	1	88,775
7500 Boston Boulevard	Springfield, VA	100.0%	1	79,971
7501 Boston Boulevard	Springfield, VA	100.0%	1	75,756
Fourteen Cambridge Center	Cambridge, MA	100.0%	1	67,362

Properties	Location	% Leased as of December 31, 2011	Number of Buildings	Net Rentable Square Feet
164 Lexington Road	Billerica, MA	0.0%	1	64,140
7450 Boston Boulevard	Springfield, VA	100.0%	1	62,402
7374 Boston Boulevard	Springfield, VA	100.0%	1	57,321
8000 Corporate Court	Springfield, VA	100.0%	1	52,539
7451 Boston Boulevard	Springfield, VA	100.0%	1	47,001
7300 Boston Boulevard	Springfield, VA	100.0%	1	32,000
17 Hartwell Avenue	Lexington, MA	100.0%	1	30,000
7375 Boston Boulevard	Springfield, VA	100.0%	1	26,865
6601 Springfield Center Drive(1)	Springfield, VA	100.0%	1	26,388
Subtotal for Office/Technical Properties		92.6%	18	1,526,739
Residential Properties				
Residences on The Avenue	Washington, DC	75.5%(3)	1	323,295(4)
The Lofts at Atlantic Wharf	Boston, MA	80.2%(3)	1	86,584(5)
Subtotal for Residential Properties		76.5%	2	409,879
Hotel Property				
Cambridge Center Marriott	Cambridge, MA	78.2%(6)	1	332,455(7)
Subtotal for Hotel Property		78.2%	1	332,455
Subtotal for In-Service Properties		91.3%	146	39,620,579
Structured Parking				15,072,280
Properties Under Construction(8)				
Office:				
510 Madison Avenue	New York, NY	45%	1	347,000
Annapolis Junction Lot 6 (50% ownership)	Annapolis, MD	0%	1	120,000
12310 Sunrise Valley	Reston, VA	100%	1	267,531
500 North Capitol (30% ownership)	Washington, DC	74%	1	232,000
Seventeen Cambridge Center	Cambridge, MA	100%	1	190,329
250 West 55th Street	New York, NY	19%	1	989,000
Residential:				
Reston Town Center Residential	Reston, VA	N/A	1	420,000
Subtotal for Properties Under Construction		45%	7	2,565,860
Total Portfolio			153	57,258,719

(1) Property held for redevelopment as of December 31, 2011.

(2) See Note 20 to the Consolidated Financial Statements.

(3) Represents the Physical Occupancy as of December 31, 2011. Physical Occupancy is defined as the number of occupied units divided by the total number of units, expressed as a percentage. Note that these amounts are not included in the calculation of the Total Portfolio occupancy rate for In-Service Properties as of December 31, 2011.

(4) Includes 49,528 square feet of retail space which is 100% leased as of December 31, 2011. Note that this amount is not included in the calculation of the Total Portfolio occupancy rate for In-Service Properties as of December 31, 2011.

(5) Includes 8,994 square feet of retail space which is 61% leased as of December 31, 2011. Note that this amount is not included in the calculation of the Total Portfolio occupancy rate for In-Service Properties as of December 31, 2011.

STATEMENT

The undersigned does hereby state, for the purpose of disclosure pursuant to Massachusetts General Laws, Chapter 7, Section 40J, of a transaction relating to real property, as follows:

(1) Real Property: Plaza Tract located within Parcel 4 in the Kendall Square Urban Renewal Project Area, Cambridge, Massachusetts

(2) Seller: Cambridge Redevelopment Authority
One Cambridge Center
Cambridge, Massachusetts 02142

(3) Developer/Purchaser: Boston Properties Limited Partnership
c/o Boston Properties
800 Boylston Street, Suite 1900
Boston, Massachusetts 02199-8103

(4) Names and Addresses of all persons who have or will have had a direct or indirect beneficial interest in the property:

See attachment.

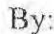
(5) None of the above-referenced persons is an official elected to public office in the Commonwealth of Massachusetts or any employee of the Division of Capital Planning and Operations except as follows:

None.

Signed under the penalties of perjury.
Dated May __, 2012

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its general partner



By: ______________________
Name: Michael A. Cantalupa
Title: Senior Vice President, Development

ATTACHMENT TO CHAPTER 7, SECTION 40J DISCLOSURE STATEMENT

This filing is being made in connection with the purchase of Plaza Tract located within Parcel 4 by Boston Properties Limited Partnership.

Name and Address of General Partner:

Boston Properties, Inc.[1]
800 Boylston Street, Suite 1900
Boston, Massachusetts 02199-8103

Name and Address of Limited Partners of sole member:

See following pages.

[Remainder of Page Intentionally Left Blank]

[1] No stockholder will hold 10% or more of the stock of Boston Properties, Inc.

Boston Properties Limited Partnership

Partner Name	Address
1301 New York Avenue Limited Liability Company	Gould Property Company, Attn: Sigrid J Beeckman 1725 Desales Street, N.W., Suite 900 Washington DC 20036
2300 N. Street Associates	c/o Gerald Charnoff & Jeff Yablon, Pillsbury Winthrop Shaw Pittman LLP 2300 N Street, N.W. Washington DC 20037
500 Capital Corp.	P.O. Box 67 Whiting NJ 08759
A. Duncan Whitaker, as trustee of the A. Duncan Whitaker Trust, dated January 24, 2008	6309 Dunaway Court McLean VA 22101
ABL Capital Corp.	P.O. Box 67 Whiting NJ 08759
ABL Realty, Inc.	P.O. Box 67 Whiting NJ 08759
Altid Enterprises, LLC	P.O. Box 410207 17 Monsignor O'Brien Highway Cambridge MA 02141
Ann Simon Hadley, Personal Representative for the William Simon Estate	2246 Cathedral Avenue, NW Washington DC 20008
Anne Potter Bodner and Thomas N. Heyer, Trustees of the Anne Potter Bodner Revocable Trust dated March 11, 2011	4707 Reservoir Road, N.W. Washington DC 20007
Antonelli, III, Dominic F.	220A East Market Street Johnson City TN 37601
Antonelli, John P.	509 Helene Street Gaithersburg MD 20878

Antonelli, Lee	10 Island Road Stuart FL 34996
Ariel Matthew Luks Trust	Richard Cohen, Trustee 13002 North Commons Way Potomac MD 20816
Arnold B. Tofias, trustee of the Arnold B. Tofias Trust of December 20, 1991	75 Second Avenue, Suite 415 Needham MA 02494
Astrove, Steven R.	15 Swarthmore Road Wellesley MA 02482
Back, Peter	124 Regent Place Alamo CA 94507
Bacow, Lawrence S.	17 James Street, Apt 1 Brookline MA 02446
Badrigian, Brian C.	11 Loring Street Newton MA 02459
Baraldi, John J.	3 Natalie Road Chelmsford MA 01824
Barrasso, Robert A.	53 Bacon Street Natick MA 01760
Bernard Koteen Revocable Trust	2604 Tilden Place, N.W. Washington DC 20008
Beth Rubenstein Trust	451 29th Street San Francisco CA 94131
Beuchert, III, George H.	243 Meridian Ave, Unit 111 Miami Beach FL 33139
Bishop, Jill G.	2785 Bella Vista Drive Santa Barbara CA 93108

Blankstein, Mitchell	1725 DeSales Street, N.W., Suite 300 Washington DC 20036
Blum, John R.H.	406 Sharon Road Lakeville CT 06039-0448
Bookout, Jr., John F.	P.O. Box 61369 Houston TX 77208
Boone, David H.	12 Settlers Cove Beaufort SC 29907
Boston Properties, Inc.	800 Boylston Street, Suite 1900 Boston MA 02199
Bralower, Barbara J.	39 Marvin Ridge Place Wilton CT 06897-2837
Bralower, Stephen N.	39 Marvin Ridge Place Wilton CT 06897-2837
Brandbergh, John K.	3 Crimson Leaf Drive Newtown PA 18940
Braunohler, Robert H.	8000 Parkside Lane, N.W. Washington DC 20012
Bruce, John F.	2475 Virginia Avenue, N.W., Suite 930 Washington DC 20037
Bryan Lipowsky Trust	Richard Cohen, Trustee 13002 North Commons Way Potomac MD 20854
Bryks, Helene	145 West 67th Street, Apt. 28A New York NY 10023-5923
Budinger, Zoë Baird	728 East Francis Street Aspen CO 81611

Burkart, Jack W.	10011 Columbine Street Great Falls VA 22066
Burros, Marian Fox	7215 Helmsdale Road Bethesda MD 20817-4645
Burt, Frank D.	25 Brettwood Road Belmont MA 02478
Butler, Gregory A.	2 Vinson Circle Winchester MA 01890
Cagle, Marjorie Goodson	1375 Broadway New York NY 10018
Campbell, Jane W.	1366 Glenside Drive Harrisonburg VA 22801
Campbell, Lee W.	1366 Glenside Drive Harrisonburg VA 22801
Cantalupa, Michael A.	5 Churchill Circle Winchester MA 01890
Carr Park, Inc	Attn: Leslie Wallace 1701 Pennsylvania Avenue, NW, Suite 300 Washington DC 20006
Carr, Martha A.	c/o Glenn R. Bonard, Esq. Whiteford, Taylor & Preston, LLP 1025 Connecticut Avenue, N.W., #400 Washington DC 20036
Carvalho, Manuel M.	145 Pine Street Manchester MA 01944
Christman, Bruce L.	13610 Flintwood Place Herndon VA 20171

Cohen, Jamie M.	12821 Lamp Post Lane Potomac MD 20854
Cohen, Jonathan A.	3714 Kenilworth Driveway Chevy Chase MD 20815
Cohen, Melinda Ann	2101 Park Mills Road Adamstown MD 21710
Cohen, Randy M.	13002 North Commons Way Potomac MD 20815
Cohen, Richard M.	13002 North Commons Way Potomac MD 20854
Cohen, Sharon R.	6505 79th Place Cabin John MD 20818
Cohen, Sheldon	5518 Trent Street Chevy Chase MD 20815
Colby, Keli	1255 25th Street, NW, #321 Washington DC 20037
Colvin, Steven R.	32 Pacific Drive Novato CA 94949
Cooley, Claudia	60 Grange Avenue Little Compton RI 02837
Coville, Lynne P.	5605 5th Road South Arlington VA 22204
Crescent Heaven, LLC	c/o Lewis Rumford 5020 Macomb Street, N.W. Washington DC 20016
Cristina, Marilou	2932 Benjamin Court San Jose CA 95124

Cronin, Denis John	76 Augsburg Drive Attleboro MA 02703
Dana Robin Lipowsky Trust	Richard Cohen, Trustee 13002 North Commons Way Potomac MD 20854
De Fazio, Sharon M.	5212 Mitchell Street Alexandria VA 22312
DeAngelis, Frederick J.	123 Marrett Road Lexington MA 02421
Debra Cohen Luks or Harold Paul Luks, as Trustees of the Debra Cohen Luks Revocable Trust dated 5/16/2007	10904 Sugarbush Terrace Rockville MD 20852
Denman, Mark J.	74 Deerhill Road Brentwood NH 03833
Denny, Mark D.	395 Beacon Street, Apt. 3F Boston MA 02116
DGG/BP LLC	c/o David Gaw 4 Townsend Road Lynnfield MA 01940
Dick, Edison W.	5320 Salmouth Road Bethesda MD 20816
Diehl, Rodney C.	70 Panorama Ct Danville CA 94506
DiLuglio, Kelli A.	79 Longwood Avenue Warwick RI 02888
Donald C. Brennan & Flora A. Brenna, Co-Trustees	Donald C. Brennan & Flora A. Brenna Revocable Trust, Dated 6-7-01 18431 Hernandez Lane Monte Sereno CA 95030

Dorman, Philip F.	184 Fairway Drive West Newton MA 02465
DR & Descendents LLC	c/o Richard Cataldo 30 Rockefeller Plaza, Room 5600 New York NY 10112
DuMont, Anne B.	1017 Grand Oak Way Rockville MD 20852
EC Holdings, Inc.	c/o Bob Brush 240 Peachtree Street, N.W., Suite 2200 Atlanta GA 30303
Edlavitch, Irwin P.	2131 K Street, N.W., Suite 200 Washington DC 20037
Ehrlich, M. Gordon	c/o James Greto, Bingham McCutchen, LLP One Federal Street Boston MA 02110
Einiger, Carol B.	33 E. 70th Street Apt 4E New York NY 10021
EL Burnside Holdings, LP	c/o Eric Riak - Atlantic Trust Company 100 Federal Street, 37th Floor Boston MA 10022
EL Longstreet Holdings, LP	c/o Eric Riak - Atlantic Trust Company 100 Federal Street, 37th Floor Boston MA 10022
EL Meade Holdings, LP	c/o Eric Riak - Atlantic Trust Company 100 Federal Street, 37th Floor Boston MA 10022
Ellis, Richard H.	5829 21st Street, N.W. Arlington VA 22205

EMN/BP LLC	c/o E. Mitchell Norville 71 Hundreds Road Wellesley Hills MA 02481
EP Burnside Holdings, LP	c/o Wayne Osborne - Boston Properties 599 Lexington Avenue, Suite 1800 New York NY 10022
EP Longstreet Holdings, LP	c/o Wayne Osborne - Boston Properties 599 Lexington Avenue, Suite 1800 New York NY 10022
Epstein, Melissa	220 E 63 #11H New York NY 10065
Estate of Gordon Gray	Sheets, Smith & Associates 120 Club Oaks Court, Suite 200 Winston-Salem NC 27104
Fifth Avenue 58/59 Acquisition Co. L.P.	c/o Macklowe Properties 767 Fifth Avenue New York NY 10153-0023
First City Properties-E Street, Inc.	c/o Chester C. Davenport, Georgetown Partners 6903 Rockledge Drive, Suite 214 Bethesda MD 20817
Fitzpatrick, Barry M.	14410 Barkwood Drive Rockville MD 20853
Fivek, Jason	47 Irving Street Unit B Boston MA 02114
Flashman, Arthur S.	140 Fairway Road Chestnut Hill MA 02467
Frazier, Adam B.	61 Beechwood Avenue Manhasset New York 11030

Freeling, Susan M.	3900A Watson Place, NW 6A Washington DC 20016
Frenkel, Dr. Jacob A.	270 Park Avenue 46th Floor New York NY 10017
Garesche, Donna	14 West Knoll Road Andover MA 01810
Garner, Jeffrey L.	17028 Spates Hill Road Poolesville MD 20837-2160
Gaw, David G.	4 Townsend Road Lynnfield MA 01940
Gerald Cohen or Joanne C. Cohen, as Trustees of the Gerald Cohen Revocable Trust dated September 30, 2005	2204 NW 62nd Drive Boca Raton FL 33496
Gerchick, Lisa Koteen	1345 Potomac School Road McLean VA 20814
Gewirtz, Paul	121 Deepwood Drive Hamden CT 06517
Gildenhorn Holdings, LLC	4445 Willard Avenue, #400 Chevy Chase MD 20008
Gildenhorn, Joseph B.	2030 24th Street, NW Washington DC 20008
Gindel, Amy C.	503 Lowell Avenue Newtonville MA 02460
Glosserman, Michael Jack	6630 Elgin Lane Bethesda MD 20817
Goodson, Jonathan	1003 Elden Way Beverly Hills CA 90210

Gordon J. Vosti & Marcia W. Vosti, Co-Trustees or any successor trustee of the Gordon J. Vosti & Marcia W. Vosti Revocable Trust, dated 7/17/91	3555 Vista Del Mar San Jose CA 95132
Grant, Alfred	47 Crawford Road Harrison NY 10528
Guy Pointer Davis Q-Tip Trust, The	c/o Judith G. Davis 1500 Westbrook Court, #4108 Richmond VA 23227
Hadar, Eric	c/o Allied Partners, Inc. 770 Lexington Avenue New York NY 10021
Hamilton, Robert S.	1A Drybridge Road Medway MA 02053
Hart, James A.	4421 North 33rd Road Arlington VA 22207
Herbert O. Davis, Trustee of the Herbert O. Davis Revocable Trust dated March 2, 2007	2303 Danbury Road Greensboro NC 27408
Hill, Thomas L.	6 Burham Drive Smithtown NY 11787
Hockenjos, Mark	608 Fox Clove Circle Exton PA 19341
Hogan, Denise A.	18393 Sierra Springs Square Leesburg VA 20176
Holland, J. Michael	3605 Dupont Avenue Kensington MD 20895
Hudson, James L.	2200 Twentieth Street, N.W., First Floor Washington DC 20009
Hyre, III, Franklin F.	1306 Kingston Avenue Alexandria VA 22302-3810

Name	Address
Iantosca, Anthony	1610 Ben Roe Drive Los Altos CA 94024
Iseman, Frederick J.	500 Park Avenue, 8th Floor New York NY 10022
Jack Males Living Trust	c/o Jack Males 6404 Tone Drive Bethesda MD 20817
Jacobs, Benjamin	6619 Elgin Lane Bethesda MD 20817
JAKE Family, LLC	c/o Amelia Hillman, CPA, Beers & Cutler PLLC 8219 Leesburg Pike, Suite 800 Vienna VA 22182
James Hayes Residual Trust	Caroline H. Selby, Trustee P.O. Box 282 Jamesville VA 23398
James R. Bronkema Trust	c/o James R. Bronkema 464 E. San Jose Road Palm Springs CA 92264
JBG North Capitol Limited Partnership	c/o The JBG Companies 4445 Willard Avenue, Suite 400 Chevy Chase MD 20895
JCR/BP LLC	c/o James C. Rosenfeld 109 Pinckney Street Boston MA 02114
Jessamy, Ronald C.	Law Offices of Ronald C. Jessamy, PLLC 1200 G Street, N.W., Suite 800 Washington DC 20005
John Bodner, Jr., Anne Potter Bodner and Thomas N. Heyer, Trustees of the John Bodner, Jr. Revocable Trust dated March 11, 2011	4707 Reservoir Road, N.W. Washington DC 20007

Johnston, Peter D.	10106 Harewood Court Great Falls VA 22066
Joyce Linde and Mark D. Balk, Trustees of the Edward H. Linde 1988 Trust	c/o Goulston & Storrs 400 Atlantic Avenue Boston MA 02110
Kaylor, Jonathan L.	2007 Mayfair McLean Court Falls Church VA 22043
Kennedy, John	5 Fern Oval East Orangeburg NY 10962
Kenvic Associates, LLC	Lucille Gladstone 555 5th Avenue, 9th Floor New York NY 10017
Kerr, Janet	11 Gloucester Street Unit 2 Boston MA 02115
Kevorkian, Eric G.	14 Tory Treasure Lane Sharon MA 02067
Keyser, Robert N.	103 Montreux Lane New Bern NC 22314-1403
King, III , Charles	4918 Sherier Place, N.W. Washington DC 20016
King, III, William F.	219 Nassau Street Princeton NJ 08542
King, Jennifer L.	7803 Maple Ridge Road Bethesda MD 20814
King, Jr. , Charles	5302 Blakeford Court Bethesda MD 20816

Klock, Mary	1460 N Bel-Air Drive Mesa AZ 85201-2504
Klock, Peter A.	P.O. Box 36 E. Glastonbury CT 06025-0036
Klock, Susan H.	94 Sunset Ridge Drive East Hartford CT 06118
Kogan, Alexander V.	76 Selwyn Road Newton MA 02461
Koop, Bryan J.	9 Briant Drive Sudbury MA 01776
Koteen, Charles D.	98 Newport Avenue West Hartford CT 06107-3030
Kruger, Caroline C.	6209 Cheryl Drive Falls Church VA 22044
Kurtis, Jonathan B.	9500 Windcroft Way Potomac MD 20854
LaBelle, Michael E.	16 Hickory Drive Medfield MA 02052
Landis Family Trust #1	c/o Ms. Jill Morris, The Landis Group 108 Brandon Road Manchester NJ 08759
Landis Family Trust #2	c/o Ms. Jill Morris, The Landis Group 108 Brandon Road Manchester NJ 08759
Landis Family Trust #3	c/o Ms. Jill Morris, The Landis Group 108 Brandon Road Manchester NJ 08759

Landis Family Trust #4	c/o Ms. Jill Morris, The Landis Group 108 Brandon Road Manchester NJ 08759
Landis Family Trust #6	c/o Ms. Jill Morris, The Landis Group 108 Brandon Road Manchester NJ 08759
Landis, Alan B.	Drucker & Scaccetti, P.C. 1845 Walnut Street, 14th Floor Philadelphia PA 19103
Landis, Linda	P.O. Box 67 Whiting NJ 08759
Landis, Mitchell S.	204 Harrison Avenue Highland Park NJ 08904
Landsittel, Scott W.	338 Spear Street #11B San Francisco CA 94105
Langley Lane LP	c/o Raymond A. Ritchey 1138 Langley Lane McLean VA 22101
Laraine Swett, Trustee of the Laraine S. Swett Trust 2006	Coughlin, Sheff & Associates 125 Nagog Park Acton MA 01720-3425
Laura Eve Apelbaum, trustee of the Lauara Eve Apelbaum Revocable Trust dated June 2, 2010	3708 Taylor Street Chevy Chase MD 20815
Lavery, Benjamin C.	15 Ravine Road Winchester MA 01890
Lee M. Hydeman and Judith Hydeman	4165 Higel Avenue Sarasota FL 34242
Leftwich, Willie L.	1732 Shepherd Street, N.W. Washington DC 20011

Levin, Andrew D.	180 Riverside Drive, #4E New York NY 10024
Levine, Carl Robert	440 Yorba Road Palm Springs CA 92262
Levine, David Carter	567 Gilbert Street Newbury Park CA 91320
Levine, Laurel E.	567 Gilbert Street Newbury Park CA 91320
LG BP Units LLC	555 Fifth Avenue 9th Floor New York NY 10017
Linde, Douglas T.	1 Baldwin Circle Weston MA 02493
Linde, Joyce	265 Country Drive Weston MA 02493
Lindner, Thaddeus	4825 Pine Tree Drive Boynton Beach FL 33436-4830
Lipowsky, Brenda	14225 Platinum Drive Gaithersburg MD 20878
Lishil Enterprises Limited Partnership	c/o Stephen A. Bodzin, Esq. 1150 17th Street, N. W., Suite 302 Washington DC 20036
Lord, Brian R.	80 Linden Drive Somerset MA 02726
Lowenberg, Jeffrey J.	2 Rangeley Ridge Winchester MA 01890
Lufkin, Meredith R.	2 Hawthorne Place, #3F Boston MA 02114

Luks, Jordana Ilene	10904 Sugarbush Terrace Rockville MD 20852
Lustig, Matthew J.	885 Park Avenue, 4A New York NY 10075
Lyon, John W.	960 Cape Marco Drive, Cozumel Unit 502 Marco Island FL 34145
Mad-Cap LLC	c/o Madison Equities LLC 555 5th Avenue, 9th Floor New York NY 10017
Magaldi, James J.	20 Mary's Way Stoughton MA 02072
Marcucella, Thomas	12 Meadowview Road Foxborough MA 02035
Martin, Gary & Barbara	4189 Haven Court San Jose CA 95124
Mayer, Matthew W.	133 West 22 Street Apt. 7E New York NY 10011
Mayers, Daniel K.	3222 Woodland Drive, N.W. Washington DC 20008-3547
Mazer, Robert	3825 Village Park Drive Chevy Chase MD 20815
McCall, Kevin	41 Maple Avenue Woburn MA 01801
McNulty, Laura D.	15 Mulberry Street P.O. Box 82 Round Hill VA 20141

Mercadante, Lauren D.	1753 Hamilton Drive Phoenixville PA 19460
Messick, Katheryn P.	21421 Shannon Ridge Way Boca Raton FL 33428-4851
Milan A. Barto and June D. Barto, Trustees of the Barto Trust, dated November 20, 1997	12700 Red Maple Circle, #44 Sonora CA 95370
Miller, Alan	57 Crosby Brown Road Gladwyne PA 19035
Miller, David E.	2645 Wild Cherry Place Reston VA 20191
Mitchell Blankstein, trustee of the Antonelli Gifting Trust, dated May 12, 2009	c/o Mitchell Blankstein 1725 DeSales Street, NW Washington DC 20036
Mitchell Blankstein, trustee of the Antonelli Marital Trust, dated May 12, 2009	c/o Mitchell Blankstein 1725 DeSales Street, N.W. Washington DC 20036
Mitchell Blankstein, trustee of the John O. Antonelli Trust, dated May 12, 2009	1725 DeSales Street, NW Washington DC 20036
Mitchell Blankstein, trustee of the Lee Antonelli Trust, dated May 12, 2009	1725 DeSales Street, NW Washington DC 20036
ML Capital Partners	c/o Jeffrey D. Stanger, Ellenoff Grossman & Schole LLP 12 Hilltop Place Monsey NY 10952
Monopoli, Richard T.	780 Boylston Street, Apt 23B Boston MA 02199
Morken, Steven P.	4000 Westgate Drive Alexandria VA 22309-2931

MZ Burnside Holdings, LP	c/o Wayne Osborne, Boston Properties 599 Lexington Avenue, Suite 1800 New York NY 10022
MZ Longstreet Holdings, LP	c/o Wayne Osborne, Boston Properties 599 Lexington Avenue, Suite 1800 New York NY 10022
MZ Meade Holdings, LP	c/o Wayne Osborne, Boston Properties 599 Lexington Avenue, Suite 1800 New York NY 10022
Nina Louise Boyd Breen, trustee of the William J. Boyd Trust, dated October 4, 1999	3703 Moss Brooke Court Fairfax VA 22031
Norville, E. Mitchell	71 Hundreds Road Wellesley Hills MA 02481
O'Connor, Thomas J.	13 Overlook Drive Southborough MA 01772
Oodgod, LLC	c/o Benjamin R. Jacobs 6619 Elgin Lane Bethesda MD 20817
Osbourne, Bill F.	441 San Domingo Way Los Altos CA 94022
Otteni, Peter V.	3422 N. Abingdon Street Arlington VA 22207
Owen, Roberts B.	3122 Newark Street, N.W. Washington DC 20008-3343
Patricia E. Coupard Revocable Trust	Cohen & Smith 4701 Sangamore Road, Suite 230 North Wing Bethesda MD 20816
Patricof, Alan J.	Morea Financial Group 1500 Broadway, 28th Floor New York NY 10036

Penn, Edward D.	5 Abby Drive Lawrenceville NJ 08648
Pergola, David L.	7 Tyler Road Belmont MA 02478
Pester, Robert E.	406 Ponderosa Court Lafayette CA 94549
Phaneuf, Jeffrey S.	14 Oakdale Road Canton MA 02021
Pierce, James L.	1502 Middlebury Drive Alexandria VA 22307-1722
Pierce, Robert A.	7704 Stoney Creek Court Fairfax Station VA 22039-2973
Pierce, Stephen C.	6501 Clifton Road Clifton VA 20124-1406
Pierce, William H.	6133 Sherborn Lane Springfield VA 22152
Pigott, David	1 Josiah Drive Upton MA 01568
Portman Family Trust	c/o Mr. Bruce MacEwen, Portman Holdings 303 Peachtree Center Avenue, N.E., Suite 575 Atlanta GA 30303
Pounds, William F.	1010 Waltham Street, Apt 597 Lexington MA 02421-8093
Provost, David C.	20 Kato Drive Sudbury MA 01776

R.W. Claxton, Inc.	KAWG&F, PA 9690 Deereco Road, Suite 500 Timonium MD 21093
Ralaks Equity Partners	P.O. Box 67 Whiting NJ 08759
Randall, Jonathan S.	61 Old Orchard Road Sherborn MA 01770
RAR Ritchey LLC	1138 Langley Lane McLean VA 22101
RAR/BP LLC	c/o Raymond A. Ritchey 1138 Langley Lane McLean VA 22001
Richard I. Linde Revocable Trust	11100 Mandalay Way Boynton Beach FL 33437
Richard M. Wolf and Barbara C. Wolf, Trustees of the Barbara C. Wolf Revocable Trust, dated March 16, 2000	3005 South Leisureworld Boulevard Apt. 604 Silver Spring MD 20904
Richard N. Gale and David M. Osnos, Co-Trustees of the Lane F. Libby Trust u/w Beverly B. Bernstein	c/o Arent Fox LLP 1050 Connecticut Avenue, NW Washington DC 20036
Ritchey, LLC	1138 Langley Lane McLean VA 22101
Ritchey, Raymond A.	1138 Langley Lane McLean VA 22001
Robert B. Swett, Jr. Family Trust	c/o James Rosenfeld, Trustee 109 Pinckney Street Boston MA 02114
Robert B. Swett, Jr. Marital Trust B	c/o James Rosenfeld, Trustee 109 Pinckney Street Boston MA 02114

Rockefeller, David	c/o Richard Cataldo 30 Rockefeller Plaza, Room 5600 New York NY 10112
Rockmark Corporation	c/o Richard Cataldo 30 Rockefeller Plaza, Room 5600 New York NY 10112
Rosenberg, Shari L.	35 Wilelinor Drive Edgewater MD 21037
Rosenfeld, James C.	109 Pinckney Street Boston MA 02114
Rubenstein, Amy S.	76 Pierce Street San Francisco CA 94114
Rubenstein, Barton	4819 Dorset Avenue Chevy Chase MD 20815
Rumford, III, Lewis	5020 Macomb Street, N.W. Washington DC 20016
Salomon, Ralph B.	113 Todd Road Katonah NY 10536
Salomon, Richard E.	c/o East End Advisors, LLC 610 Fifth Avenue, Suite 506 New York NY 10020
Salomon, Robert B.	P.O. Box 375 Freedom WY 83120
Schlotzhauer, Adele F.	9 Admirals Way Chelsea MA 02150
Schubert, Robert A.	541 Broadway Apt. 4B New York NY 10012

Schumacher, Michael	32 Forest Street Sherborn MA 01770
Seay, Keith A.	1345 Douglass Avenue Highland Beach MD 21403
See, Peter V.	575 New Bedford Road Rochester MA 02770
Selsam, Robert E.	50 Sutton Place South Apt 20G New York NY 10022
Shamos, Jeremy	766 Monaco Parkway Denver CO 80220
Shannon, Catherine	4101 Cathedral Avenue, N.W. Washington DC 20016
Sheehan, Kevin T.	16 Lawson Road Winchester MA 01890
Sheehy, Terrence C	PO BOX 363 Royal Oaks MD 21662
Shen, Christine M.	816 Arlington Avenue Berkeley CA 94707
Sherley H. Koteen Revocable Trust	2604 Tilden Place, N.W. Washington DC 20008-3822
Shubert and Booth Theatre, LLC	c/o The Shubert Organization, Inc. 234 West 44th Street, 5th Floor New York NY 10036
Silpe, Robert A.	5 Hobby Farm Drive Bedford NY 10506
Silver, Barney H.	6828 Wilson Lane Bethesda MD 20817-4947

Silverstein, Lori W.	78 Sheridan Road Wellesley MA 02481
Simmons, Kenneth F.	5800 Hall Street Burke VA 22015
Slagle, Carl W.	7008 Coventry Road Alexandria VA 22306
Slott, Daniel	P.O. Box 63 Ancramdale NY 12503
Snow, Alan M.	5 Surrey Road Salem MA 01970
Spears, William G.	Spears Abacus Advisors LLC 147 East 48th Street New York NY 10017
Stephen R. Clineburg Revocable Trust	7920 Church Neck Road St. Michaels MD 21663
Stevenson, Kathryn R.	84 Corning Street Beverly MA 01915
Stewart, R. David	377 Cherry Street Newton MA 02465
Storrs, Gregory M.	5506 Whitley Park Terrace Bethesda MD 20814
Strautmanis, Damona S.	1716 Ladd Street Silver Spring MD 20902
Stroman, John J.	2430 39th Place, NW Washington DC 20007
Swett, Brian R.	6 Dartmouth Place Boston MA 02116

The Camberwell Trust	c/o Mitchell Blankstein, Trustee 1725 DeSales Street, N.W., Suite 300 Washington DC 20036
The MBZ 1996 Trust (GST Non-Exempt), Edward H. Linde, Trustee	c/o Boston Properties, Inc. 800 Boylston Street Boston MA 02199
The Oliver Carr Company	Attn: Leslie Wallace 1701 Pennsylvania Ave, NW, Suite 300 Washington DC 20006
The Williams Family Trust	Ronald Williams, Trustee 1821 Clachan Court Vienna VA 21182
Thomas, Andrew M.	48 Coronet Avenue Mill Valley CA 94941
Timin, Madeleine	14 Manchester Road Winchester MA 01890
Tofias , Donald	1 Washington Street Newport RI 02840
Tofias, Susan W.	199 Cliff Road Wellesley MA 02481
Tower Capital, LLC	Attn: Jerry Burke 2000 Tower Oaks Boulevard, Ninth Floor Rockville MD 20852
Turchin, Martin	3060 Miro Drive South Palm Beach Gardens FL 33410
Turndorf, Gary O.	1 Augusta Court Skillman NJ 08558
Van, Esq., Peter D.	7665 LaCorniche Circle Boca Raton FL 33433

W. Edward Lawrence & Lucy M. Lawrence	964 Belle Plains Road Fredericksburg VA 22405-3479
Waldron, Melanie J.	5 Cahill Park Drive Framingham MA 01702
Walsh, Michael R.	29 Cedarwood Road Hanover MA 02339
Whalen Jr., James J.	260 South Street Medfield MA 02052
Wheet, Maura L.	5 North Street Framingham MA 01701
Whitworth, William	131 White Oak Lane Little Rock AR 72201
Zuckerman, Mortimer B.	c/o Wayne Osborne, Boston Properties 599 Lexington Avenue, Suite 1800 New York NY 10022