

BOSTON PROPERTIES INC

Form 424B3

June 04, 2014

Table of Contents

Filed Pursuant to Rule 424(b)(3)

Registration Statement No. 333-196491

## CALCULATION OF REGISTRATION FEE

| Title of Securities Being Registered           | Amount to be Registered(1) | Proposed Maximum Aggregate Offering |                          | Proposed Maximum Amount of Registration Fee |
|--|----------------------------|-------------------------------------|--------------------------|---|
|  |                            | Price Per Unit                      | Aggregate Offering Price |   |
| Common Stock, par value \$0.01 per share       | 26,821                     | (2)                                 | (2)                      | \$ (2)                                      |
| Preferred Stock Purchase Rights <sup>(3)</sup> | N/A                        | N/A                                 | N/A                      | N/A   |

- (1) Pursuant to Rule 416 of the Securities Act of 1933, as amended, the Registrant common stock offered hereby shall be deemed to cover additional securities to be issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.
- (2) The securities offered pursuant to this prospectus supplement represent a portion of the 283,011 shares of Boston Properties, Inc. common stock registered on the registration statement to which this prospectus supplement relates that represent unsold securities that had been previously registered and for which the registration fee had been previously paid. Accordingly, no registration fee is due upon the filing of this prospectus supplement.
- (3) This prospectus supplement also relates to the rights to purchase shares of Series E Junior Participating Cumulative Preferred Stock of the Registrant, which are attached to all shares of common stock issued, pursuant to the terms of the Registrant's Shareholder Rights Agreement dated June 18, 2007. Until the occurrence of prescribed events, the rights are not exercisable, are evidenced by the certificates for the common stock and will be transferred with and only with such common stock.

**Table of Contents**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated June 3, 2014)**

**BOSTON PROPERTIES, INC.**

**26,821 SHARES OF COMMON STOCK**

This prospectus supplement and the accompanying prospectus relate to the offer and sale by the selling stockholder identified in this prospectus supplement, and any of his pledgees, donees, transferees or other successors in interest, of up to an aggregate of 26,821 shares of common stock of Boston Properties, Inc. that may be issued from time to time if, and to the extent that, the holder of 26,821 common units of partnership interest, or OP Units, in our operating partnership, Boston Properties Limited Partnership, presents such OP Units for redemption, and we exercise our right to issue shares of our common stock instead of paying a cash amount. Preferred stock purchase rights are attached to shares of common stock of Boston Properties, Inc.

We will receive no cash proceeds from the sale of the common stock by the selling stockholder covered by this prospectus supplement.

The common stock of Boston Properties, Inc. is listed on the New York Stock Exchange under the symbol BXP. The last reported sale price of our common stock on the New York Stock Exchange on June 3, 2014 was \$119.99 per share.

**Investing in our common stock involves risks. See Risk Factors on page S-3 as well as the risk factors contained in documents Boston Properties, Inc. files with the Securities and Exchange Commission that are incorporated by reference in this prospectus supplement and the accompanying prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus supplement is June 4, 2014.**

No person has been authorized to give any information or to make any representations other than those contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us or incorporated by reference herein or therein and, if given or made, such information or representation must not be relied upon as having been authorized. This prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained herein or therein is correct as of any time subsequent to the date of such information.

**Table of Contents****TABLE OF CONTENTS****Prospectus Supplement**

|                                      |     |
|--------------------------------------|-----|
| <u>Prospectus Supplement Summary</u> | S-1 |
| <u>Risk Factors</u>                  | S-3 |
| <u>Use of Proceeds</u>               | S-3 |
| <u>Selling Stockholder</u>           | S-4 |
| <u>Plan of Distribution</u>          | S-5 |
| <u>Legal Matters</u>                 | S-5 |
| <u>Experts</u>                       | S-5 |

**Prospectus**

|   |    |
|---|----|
| <u>Prospectus Summary</u>   | 1  |
| <u>Risk Factors</u>   | 4  |
| <u>Cautionary Statement Regarding Forward-Looking Statements</u>  | 4  |
| <u>Where You Can Find More Information</u>  | 6  |
| <u>Information Incorporated by Reference</u>  | 7  |
| <u>Use of Proceeds</u>  | 9  |
| <u>Description of Debt Securities</u>   | 10 |
| <u>Description of Guarantees</u>  | 29 |
| <u>Description of Common Stock of Boston Properties, Inc.</u>   | 30 |
| <u>Description of Preferred Stock of Boston Properties, Inc.</u>  | 35 |
| <u>Description of Stock Purchase Contracts of Boston Properties, Inc.</u>   | 41 |
| <u>Description of Depositary Shares of Boston Properties, Inc.</u>  | 42 |
| <u>Description of Warrants of Boston Properties, Inc.</u>   | 46 |
| <u>Limits on Ownership of Boston Properties, Inc. Common Stock</u>  | 47 |
| <u>Important Provisions of Delaware Law, of Boston Properties, Inc. s Certificate of Incorporation and By-laws and Other Governance Documents</u> | 50 |
| <u>United States Federal Income Tax Considerations</u>  | 55 |
| <u>Selling Security Holders</u>   | 74 |
| <u>Plan of Distribution</u>   | 75 |
| <u>Legal Matters</u>  | 81 |
| <u>Experts</u>  | 81 |

You should read this prospectus supplement along with the accompanying prospectus. This prospectus supplement and the accompanying prospectus form one single document and both contain information you should consider when making your investment decision. You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different. If the information contained in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of their respective dates.

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

**About this Prospectus**

*This summary only highlights the more detailed information appearing elsewhere in this prospectus supplement or incorporated by reference in this prospectus supplement. It may not contain all of the information that is important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement before deciding whether to invest in our common stock.*

*As used in this prospectus supplement, unless the context otherwise requires, the terms we, us, our, Boston Properties and the Company refer to Boston Properties, Inc., a Delaware corporation organized in 1997, individually or together with its subsidiaries, including Boston Properties Limited Partnership, a Delaware limited partnership, and our predecessors.*

**About Our Company**

We are a fully integrated, self-administered and self-managed real estate investment trust, or REIT, and one of the largest owners and developers of Class A office properties in the United States.

We conduct substantially all of our business through our subsidiary, Boston Properties Limited Partnership, or BPLP. We are the sole general partner and, at March 31, 2014, the owner of approximately 89.5% of the economic interests in BPLP.

Our properties are concentrated in four markets Boston, New York, San Francisco and Washington, DC. At March 31, 2014, we owned or had interests in 175 commercial real estate properties, aggregating approximately 45.8 million net rentable square feet, including eight properties under construction totaling approximately 4.0 million net rentable square feet. In addition, we had structured parking for approximately 45,971 vehicles containing approximately 15.7 million square feet. At March 31, 2014, our properties consisted of:

167 office properties, including 128 Class A office properties (including eight properties under construction) and 39 Office/Technical properties;

one hotel;

four retail properties; and

three residential properties.

At March 31, 2014, we owned or controlled undeveloped land parcels totaling approximately 502.5 acres.

Our principal executive office is located at 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103 and our telephone number is (617) 236-3300.



**Table of Contents**

**The Offering**

|                    |  |
|--------------------|--|
| Securities offered | This prospectus supplement relates to the offering and sale by the selling stockholder of up to 26,821 shares of our common stock that may be issued from time to time if, and to the extent that, the holder of 26,821 OP Units presents such OP Units for redemption, and we exercise our right to issue shares of our common stock instead of paying a cash amount.   |
|                    | Registration of the common stock does not necessarily mean that all or any portion of such stock will be offered for sale by the selling stockholder.  |
| Use of proceeds    | We will receive no cash proceeds from the sale of the common stock by the selling stockholder covered by this prospectus supplement.   |
| NYSE symbol        | BXP  |
| Risk factors       | Before investing in our common stock, you should carefully read and consider the information set forth in Risk Factors beginning on page S-3 of this prospectus supplement and all other information appearing elsewhere and in the documents incorporated herein by reference, including, among others, (i) Boston Properties, Inc. s Annual Report on Form 10-K for the year ended December 31, 2013, (ii) Boston Properties, Inc. s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 and (iii) documents Boston Properties, Inc. files with the Securities and Exchange Commission, or SEC, after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement. |

**Table of Contents**

**RISK FACTORS**

*You should carefully consider the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. These risks are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our securities could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including, among others, (i) our Annual Report on Form 10-K, (ii) our Quarterly Reports on Form 10-Q and (iii) the documents we file with the SEC after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement.*

**USE OF PROCEEDS**

We will receive no cash proceeds from the sale of the common stock by the selling stockholder covered by this prospectus supplement.

S-3



**Table of Contents****SELLING STOCKHOLDER**

This prospectus supplement relates to the offering and sale by the selling stockholder of up to 26,821 shares of our common stock that may be issued from time to time if, and to the extent that, the holder of 26,821 OP Units presents such OP Units for redemption, and we exercise our right to issue shares of our common stock instead of paying a cash amount. The following table provides information regarding the beneficial ownership of our common stock by the selling stockholder as of May 30, 2014 and upon completion of the sale of all the shares offered under this prospectus supplement. However, this does not necessarily mean that the selling stockholder will sell any or all of the shares being registered. For purposes of this table, we have assumed that the selling stockholder will sell all of the shares being offered by this prospectus supplement.

| <b>Stockholder</b> | <b>Boston Properties<br/>Common Stock<br/>Beneficially Held (1)</b> | <b>Boston Properties<br/>Limited Partnership<br/>OP<br/>Units Beneficially<br/>Held (2)</b> | <b>Boston<br/>Properties<br/>Common<br/>Stock Offered (3)</b> | <b>Boston Properties<br/>Common Stock and<br/>Boston<br/>Properties<br/>Limited Partnership OP<br/>Units<br/>Beneficially<br/>Held<br/>after<br/>Offering (4)</b> |
|--------------------|---|---|---|---|
| Eric D. Hadar      | 0   | 26,821  | 26,821  | 0   |

- (1) Does not include common stock that may be issued upon exchange of OP Units beneficially held as of May 30, 2014.
- (2) All units listed in this column may be exchanged, under circumstances set forth in the partnership agreement of Boston Properties Limited Partnership, for an equal number of shares of common stock. All information is as of May 30, 2014.
- (3) These shares of common stock represent the common stock that the selling stockholder may acquire upon presentation of OP Units for redemption. Such redemption may occur at any time.
- (4) Assumes that all shares of common stock offered by this prospectus will be sold by the selling stockholder. The percentage of our common stock that will be held by such selling stockholder after completion of this offering will be less than one percent (1%) of our outstanding shares of common stock as of May 30, 2014 (153,079,930 shares).

**Table of Contents**

**PLAN OF DISTRIBUTION**

Any offer and sale by the selling stockholder identified in this prospectus supplement, and any of his pledgees, donees, transferees or other successors in interest, of up to an aggregate of 26,821 shares of common stock of Boston Properties, Inc. will be made in accordance with the methods set forth in Plan of Distribution Sales by Selling Security Holders in the accompanying prospectus.

**LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for us by Goodwin Procter LLP, Boston, Massachusetts.

**EXPERTS**

The financial statements, financial statement schedule, and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to Boston Properties, Inc.'s Current Report on Form 8-K dated June 3, 2014 and the audited statements of revenue and certain expenses of 767 Fifth Avenue (the General Motors Building) for each of the three years ended December 31, 2012, 2011 and 2010, included in Boston Properties, Inc.'s amended Current Report on Form 8-K dated June 3, 2014 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**Table of Contents**

**Prospectus**

**BOSTON PROPERTIES, INC.**

Debt Securities

Guarantees

Common Stock

Preferred Stock

Stock Purchase Contracts

Depository Shares

Warrants

**BOSTON PROPERTIES LIMITED PARTNERSHIP**

Debt Securities

Guarantees

Boston Properties, Inc. may offer to sell from time to time debt securities, common stock, preferred stock, stock purchase contracts, and warrants. Preferred stock purchase rights may be attached to shares of common stock of Boston Properties, Inc. The debt securities of Boston Properties, Inc. may be convertible into common stock or preferred stock of Boston Properties, Inc. and may be guaranteed by Boston Properties Limited Partnership. The preferred stock of Boston Properties, Inc. may either be sold separately or represented by depository shares and may be convertible into common stock or preferred stock of another series. Boston Properties Limited Partnership may offer to sell from time to time debt securities, which may be exchangeable for common stock or for preferred stock of Boston Properties, Inc. and may be guaranteed by Boston Properties, Inc. Selling security holders may from time to time offer to sell debt securities, guarantees, common stock, preferred stock, stock purchase contracts, and warrants of Boston Properties, Inc. under this prospectus.

The debt securities, common stock, preferred stock, stock purchase contracts, depository shares and warrants of Boston Properties, Inc. and the debt securities of Boston Properties Limited Partnership may be offered separately or together, in multiple series, in amounts, at prices and on terms that will be set forth in one or more prospectus supplements to this prospectus. Boston Properties Limited Partnership may guarantee the payment of principal of, premium, if any, and interest on debt securities issued by Boston Properties, Inc. to the extent and on the terms described herein and in the applicable prospectus supplement to this prospectus. Boston Properties, Inc. may guarantee the payment of principal of, premium, if any, and interest on debt securities issued by Boston Properties Limited Partnership to the extent and on the terms described herein and in the applicable prospectus supplement to this prospectus.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. Each time any of Boston Properties, Inc., Boston Properties Limited Partnership or selling

security holders sells securities, a prospectus supplement will be provided that will contain specific information about the terms of any securities offered and the specific manner in which the securities will be offered and the identity of any selling security holders. The prospectus supplement will also contain information, where appropriate, about material United States federal income tax consequences relating to, and any listing on a securities exchange of, the securities covered by the prospectus supplement. The prospectus supplement may add to, update or change the information in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest in our securities. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

Boston Properties, Inc., Boston Properties Limited Partnership or selling security holders may offer the securities directly to investors, through agents designated from time to time by Boston Properties, Inc. or Boston Properties Limited Partnership, or to or through underwriters or dealers. If any agents, underwriters, or dealers are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement with, between or among them will be set forth, or will be calculable from the information set forth, in an accompanying prospectus supplement. For more detailed information, see Plan of Distribution on page 75. We will not receive any of the proceeds from the sale of securities by the selling security holders.

The common stock of Boston Properties, Inc. is listed on the New York Stock Exchange under the symbol BXP. On June 2, 2014, the last reported sale price of our common stock on the New York Stock Exchange was \$120.90 per share.

**Investing in our securities involves various risks. See Risk Factors beginning on page 4 as well as the risk factors contained in documents we file with the Securities and Exchange Commission and which are incorporated by reference in this prospectus.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

Prospectus dated June 3, 2014.

Table of Contents

**TABLE OF CONTENTS**

|  |    |
|--|----|
| <u>PROSPECTUS SUMMARY</u>  | 1  |
| <u>RISK FACTORS</u>  | 4  |
| <u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>   | 4  |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u>   | 6  |
| <u>INFORMATION INCORPORATED BY REFERENCE</u>   | 7  |
| <u>USE OF PROCEEDS</u>   | 9  |
| <u>DESCRIPTION OF DEBT SECURITIES</u>  | 10 |
| <u>DESCRIPTION OF GUARANTEES</u>   | 29 |
| <u>DESCRIPTION OF COMMON STOCK OF BOSTON PROPERTIES, INC.</u>  | 30 |
| <u>DESCRIPTION OF PREFERRED STOCK OF BOSTON PROPERTIES, INC.</u>   | 35 |
| <u>DESCRIPTION OF STOCK PURCHASE CONTRACTS OF BOSTON PROPERTIES, INC.</u>  | 41 |
| <u>DESCRIPTION OF DEPOSITARY SHARES OF BOSTON PROPERTIES, INC.</u>   | 42 |
| <u>DESCRIPTION OF WARRANTS OF BOSTON PROPERTIES, INC.</u>  | 46 |
| <u>LIMITS ON OWNERSHIP OF BOSTON PROPERTIES, INC. CAPITAL STOCK</u>  | 47 |
| <u>IMPORTANT PROVISIONS OF DELAWARE LAW, BOSTON PROPERTIES, INC. S CERTIFICATE OF INCORPORATION AND BY-LAWS AND OTHER GOVERNANCE DOCUMENTS</u> | 50 |
| <u>UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>   | 55 |
| <u>SELLING SECURITY HOLDERS</u>  | 74 |
| <u>PLAN OF DISTRIBUTION</u>  | 75 |
| <u>LEGAL MATTERS</u>   | 81 |
| <u>EXPERTS</u>   | 81 |

**Table of Contents**

**PROSPECTUS SUMMARY**

**About this Prospectus**

This prospectus is part of a shelf registration statement that we have filed under the Securities Act of 1933, as amended (the Securities Act ), with the Securities and Exchange Commission (the SEC ). By using a shelf registration statement, Boston Properties, Inc. and/or selling security holders are registering an unspecified amount of debt securities, common stock, preferred stock, stock purchase contracts, depositary shares and warrants, and may sell such securities, at any time and from time to time, in one or more offerings. By using a shelf registration statement, Boston Properties Limited Partnership is registering an unspecified amount of debt securities and may sell such debt securities, at any time and from time to time, in one or more offerings. The registration statement also registers the possible guarantee by Boston Properties Limited Partnership of debt securities to be issued by Boston Properties, Inc. and the possible guarantee by Boston Properties, Inc. of debt securities to be issued by Boston Properties Limited Partnership.

As used in this prospectus and the registration statement on Form S-3 of which this prospectus is a part, unless the context otherwise requires, the terms we, us, and our refer to Boston Properties, Inc., a Delaware corporation organized in 1997, individually or together with its subsidiaries, including Boston Properties Limited Partnership, a Delaware limited partnership, and our predecessors. Boston Properties Limited Partnership is the entity through which Boston Properties, Inc. conducts substantially all of its business and owns substantially all of its assets. In addition, we sometimes refer to Boston Properties Limited Partnership as the Operating Partnership, and Boston Properties, Inc. as the Company or BXP.

You should rely only on the information contained in this prospectus and the accompanying prospectus supplement or incorporated by reference in these documents. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. If anyone provides you with different, inconsistent or unauthorized information or representations, you must not rely on them. This prospectus and the accompanying prospectus supplement are an offer to sell only the securities offered by these documents, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or any prospectus supplement is current only as of the date on the front of those documents.

**About Boston Properties, Inc. and Boston Properties Limited Partnership**

Boston Properties, Inc. is a fully integrated, self-administered and self-managed real estate investment trust, or REIT, and one of the largest owners and developers of Class A office properties in the United States. Our properties are concentrated in four markets Boston, New York, San Francisco and Washington, DC. Boston Properties, Inc. conducts substantially all of its business through Boston Properties Limited Partnership. Boston Properties, Inc. is the sole general partner and, at March 31, 2014, the owner of approximately 89.5% of the economic interests in Boston Properties Limited Partnership.

At March 31, 2014, we owned or had interests in 175 commercial real estate properties, aggregating approximately 45.8 million net rentable square feet, including eight properties under construction totaling approximately 4.0 million net rentable square feet. In addition, we had structured parking for approximately 45,971 vehicles containing approximately 15.7 million square feet. At March 31, 2014, our properties consisted of:

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167 office properties, including 128 Class A office properties (including eight properties under construction) and 39 Office/Technical properties;

one hotel;

four retail properties; and

three residential properties.

At March 31, 2014, we owned or controlled undeveloped land parcels totaling approximately 502.5 acres.

**Table of Contents**

We consider Class A office properties to be centrally located buildings that are professionally managed and maintained, attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings. We consider Office/Technical properties to be properties that support office, research and development, laboratory and other technical uses. Our definitions of Class A Office and Office/Technical properties may be different than those used by other companies.

Our principal executive office is located at 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103 and our telephone number is (617) 236-3300.

Additional information regarding Boston Properties, Inc. and Boston Properties Limited Partnership, including audited financial statements and descriptions of Boston Properties, Inc. and Boston Properties Limited Partnership, is contained in the documents incorporated by reference in this prospectus. See [Where You Can Find More Information](#) on page 6 of this prospectus.

**Ratios of Earnings to Fixed Charges**

The following table sets forth Boston Properties, Inc.'s historical ratio of earnings to fixed charges for the periods indicated:

|                                    | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2014</b> | <b>Year<br/>Ended<br/>December 31,<br/>2013</b> | <b>Year<br/>Ended<br/>December 31,<br/>2012</b> | <b>Year<br/>Ended<br/>December 31,<br/>2011</b> | <b>Year<br/>Ended<br/>December 31,<br/>2010</b> | <b>Year<br/>Ended<br/>December 31,<br/>2009</b> |
|------------------------------------|--|---|---|---|---|---|
| Ratio of Earnings to Fixed Charges | 1.32   | 1.35  | 1.46  | 1.43  | 1.27  | 1.57  |

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. Earnings consist of income from continuing operations before income from unconsolidated joint ventures and gains on consolidation of joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized, preferred distributions of consolidated subsidiaries and noncontrolling interest in income of a subsidiary that has not incurred fixed charges. Fixed charges consist of interest expensed, interest capitalized, portion of rental expense representative of the interest factor and preferred distributions of consolidated subsidiaries.

The following table sets forth Boston Properties Limited Partnership's historical ratio of earnings to fixed charges for the periods indicated:

|                                    | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2014</b> | <b>Year<br/>Ended<br/>December 31,<br/>2013</b> | <b>Year<br/>Ended<br/>December 31,<br/>2012</b> | <b>Year<br/>Ended<br/>December 31,<br/>2011</b> | <b>Year<br/>Ended<br/>December 31,<br/>2010</b> | <b>Year<br/>Ended<br/>December 31,<br/>2009</b> |
|------------------------------------|--|---|---|---|---|---|
| Ratio of Earnings to Fixed Charges | 1.34   | 1.39  | 1.49  | 1.46  | 1.30  | 1.61  |



The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. Earnings consist of income from continuing operations before income from unconsolidated joint ventures and gains on consolidation of joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized and noncontrolling interest in income of a subsidiary that has not incurred fixed charges. Fixed charges consist of interest expensed, interest capitalized and portion of rental expense representative of the interest factor.

**Table of Contents****Ratios of Earnings to Combined Fixed Charges and Preferred Dividends/Distributions**

The following table sets forth Boston Properties, Inc.'s historical ratios of earnings to combined fixed charges and preferred dividends for the periods indicated:

|   | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2014</b> | <b>Year<br/>Ended<br/>December 31,<br/>2013</b> | <b>Year<br/>Ended<br/>December 31,<br/>2012</b> | <b>Year<br/>Ended<br/>December 31,<br/>2011</b> | <b>Year<br/>Ended<br/>December 31,<br/>2010</b> | <b>Year<br/>Ended<br/>December 31,<br/>2009</b> |
|---|--|---|---|---|---|---|
| Ratio of Earnings to Combined Fixed Charges and Preferred Distributions | 1.30   | 1.33  | 1.46  | 1.43  | 1.27  | 1.57  |

The ratios of earnings to combined fixed charges and preferred dividends were computed by dividing earnings by combined fixed charges and preferred dividends on securities of Boston Properties, Inc. Earnings consist of income from continuing operations before income from unconsolidated joint ventures and gains on consolidation of joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized, preferred distributions of consolidated subsidiaries and noncontrolling interest in income of a subsidiary that has not incurred fixed charges. Combined fixed charges and preferred dividends consist of interest expensed, interest capitalized, portion of rental expense representative of the interest factor, preferred distributions of consolidated subsidiaries and preferred dividends on securities of Boston Properties, Inc. There were no preferred securities of Boston Properties, Inc. outstanding for the years ended December 31, 2012, 2011, 2010 and 2009.

The following table sets forth Boston Properties Limited Partnership's historical ratios of earnings to combined fixed charges and preferred distributions for the periods indicated:

|   | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2014</b> | <b>Year<br/>Ended<br/>December 31,<br/>2013</b> | <b>Year<br/>Ended<br/>December 31,<br/>2012</b> | <b>Year<br/>Ended<br/>December 31,<br/>2011</b> | <b>Year<br/>Ended<br/>December 31,<br/>2010</b> | <b>Year<br/>Ended<br/>December 31,<br/>2009</b> |
|---|--|---|---|---|---|---|
| Ratio of Earnings to Combined Fixed Charges and Preferred Distributions | 1.31   | 1.35  | 1.47  | 1.45  | 1.29  | 1.59  |

The ratios of earnings to combined fixed charges and preferred distributions were computed by dividing earnings by combined fixed charges and preferred distributions on securities of Boston Properties Limited Partnership. Earnings consist of income from continuing operations before income from unconsolidated joint ventures and gains on consolidation of joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized and noncontrolling interest in income of a subsidiary that has not incurred fixed charges. Combined fixed charges and preferred distributions consist of interest expensed, interest capitalized, portion of rental expense representative of the interest factor and preferred distributions on securities of Boston Properties Limited Partnership.



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**Table of Contents**

**RISK FACTORS**

*You should carefully consider the risks described in the documents incorporated by reference in this prospectus before making an investment decision. These risks are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our securities could decline due to the materialization of any of these risks and you may lose all or part of your investment. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including (i) our Annual Reports on Form 10-K, (ii) our Quarterly Reports on Form 10-Q and (iii) documents we file with the SEC after the date of this prospectus and which are deemed incorporated by reference in this prospectus.*

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus, including the information incorporated by reference into this prospectus, and any accompanying prospectus supplement, contain forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions. We caution investors that any such forward-looking statements presented in this prospectus or any of the documents incorporated by reference, or which management may make orally or in writing from time to time, are based on beliefs and on assumptions made by, and information currently available to, management. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, should, will and similar expressions which do not relate solely to historical facts are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected by the forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

the continuing impacts of high unemployment and other macroeconomic trends, which are having and may continue to have a negative effect on the following, among other things:

the fundamentals of our business, including overall market occupancy, tenant space utilization, and rental rates;

the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties; and

the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;

general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, tenant space utilization, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate);

**Table of Contents**

failure to manage effectively our growth and expansion into new markets and sub-markets or to integrate acquisitions and developments successfully;

the ability of our joint venture partners to satisfy their obligations;

risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits, tenant accounting considerations that may result in negotiated lease provisions that limit a tenant's liability during construction, and public opposition to such activities);

risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments, including the impact of higher interest rates on the cost and/or availability of financing;

risks associated with forward interest rate contracts and the effectiveness of such arrangements;

risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets;

risks associated with actual or threatened terrorist attacks;

costs of compliance with the Americans with Disabilities Act and other similar laws;

potential liability for uninsured losses and environmental contamination;

risks associated with Boston Properties, Inc.'s failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the Code);

possible adverse changes in tax and environmental laws;

the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results;

risks associated with possible state and local tax audits;

risks associated with our dependence on key personnel whose continued service is not guaranteed; and

the other risk factors identified in the most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q of each of Boston Properties, Inc. and Boston Properties Limited Partnership, including those described under the caption Risk Factors, and our other reports filed from time to time with the SEC and any prospectus supplement.

The risks included herein are not exhaustive, and you should be aware that there may be other factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can we assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that are incorporated herein by reference, including those filed in the future, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. We expressly disclaim any responsibility to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events, or otherwise, and you should not rely upon these forward-looking statements after the date of this prospectus.

**Table of Contents**

**WHERE YOU CAN FIND MORE INFORMATION**

Boston Properties, Inc. and Boston Properties Limited Partnership are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act ), and in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>.

Boston Properties, Inc. has a website located at <http://www.bostonproperties.com>. The information on this website is not a part of this prospectus.



**Table of Contents**

**INFORMATION INCORPORATED BY REFERENCE**

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to these documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information already incorporated by reference. The SEC file number of Boston Properties, Inc. is 1-13087 and the SEC file number of Boston Properties Limited Partnership is 0-50209. We are incorporating by reference the documents listed below, which we have already filed with the SEC:

Boston Properties, Inc. s Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 28, 2014;

Boston Properties Limited Partnership s Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 28, 2014;

Boston Properties, Inc. s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 9, 2014;

Boston Properties Limited Partnership s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 9, 2014;

the description of Boston Properties, Inc. common stock contained in Boston Properties, Inc. s Registration Statement on Form 8-A, filed on June 12, 1997, including any amendments and reports filed for the purpose of updating such description;

the description of the rights to purchase shares of Series E Junior Participating Cumulative Preferred Stock contained in Boston Properties, Inc. s Registration Statement on Form 8-A, filed on June 18, 2007, including any amendments and reports filed for the purpose of updating such description;

Boston Properties, Inc. s and Boston Properties Limited Partnership s Current Reports on Form 8-K/A, filed on June 3, 2014;

Boston Properties, Inc. s Current Reports on Form 8-K, filed on January 9, 2014, February 4, 2014, May 22, 2014 and June 3, 2014;

Boston Properties Limited Partnership s Current Reports on Form 8-K, filed on February 4, 2014, May 22, 2014 and June 3, 2014;

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All documents filed by Boston Properties Limited Partnership and Boston Properties, Inc. with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus until the earlier of the date on which all of the securities registered hereunder have been sold or this registration statement has been withdrawn shall be deemed incorporated by reference in this prospectus and to be a part of this prospectus from the date of filing of those documents. Upon request, we will provide, without charge, to each person, including any beneficial owner, to whom a copy of this prospectus is delivered a copy of the documents incorporated by reference in this prospectus. You may request a copy of these filings, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus, by writing or telephoning us at the following:

Boston Properties, Inc.

The Prudential Center

800 Boylston Street, Suite 1900

Boston, Massachusetts 02199-8103

Attention: Investor Relations

(617) 236-3300

**Table of Contents**

This prospectus is part of a registration statement we filed with the SEC. We have incorporated exhibits into the registration statement. You should read the exhibits carefully for provisions that may be important to you.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different or additional information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or in the documents incorporated by reference is accurate as of any date other than the date on the front of this prospectus or the date of the applicable documents.

**Table of Contents**

**USE OF PROCEEDS**

Boston Properties, Inc. is required by the terms of the partnership agreement of Boston Properties Limited Partnership to contribute the net proceeds of any sale of common stock, preferred stock, stock purchase contracts, depository shares or warrants to Boston Properties Limited Partnership in exchange for securities of Boston Properties Limited Partnership with economic interests that are substantially similar to the securities issued by Boston Properties, Inc. If Boston Properties, Inc. issues any debt securities, it may lend those proceeds to Boston Properties Limited Partnership.

Unless we provide otherwise in a supplement to this prospectus, following Boston Properties, Inc.'s contribution of any net proceeds to Boston Properties Limited Partnership, we intend to use the net proceeds from our sale of the securities covered by this prospectus for one or more of the following:

the acquisition, development, and improvement of properties;

the repayment of debt;

capital expenditures;

working capital; and

other general business purposes.

We will not receive any of the proceeds of the sale by selling security holders of the securities covered by this prospectus.

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**Table of Contents**

**DESCRIPTION OF DEBT SECURITIES**

**Debt Securities May Be Senior or Subordinated**

Boston Properties, Inc. and Boston Properties Limited Partnership may issue senior or subordinated debt securities at one or more times in one or more series. Each series of debt securities may have different terms. Neither the senior debt securities nor the subordinated debt securities will be secured by any property or assets of Boston Properties, Inc., Boston Properties Limited Partnership or any of their respective subsidiaries. Thus, by owning a debt security, you are an unsecured creditor of Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be.

Neither any limited or general partner of Boston Properties Limited Partnership, including Boston Properties, Inc., nor any principal, shareholder, member, officer, director, trustee or employee of any limited or general partner of Boston Properties, Inc. or Boston Properties Limited Partnership or of any successor of any limited or general partner of Boston Properties Limited Partnership has any obligation for payment of debt securities or for any of Boston Properties, Inc.'s or Boston Properties Limited Partnership's obligations, covenants or agreements contained in the debt securities or the applicable indenture. By accepting the debt securities, you waive and release all liability of this kind. The waiver and release are part of the consideration for the issuance of debt securities. This waiver and release will not apply to the liability of Boston Properties Limited Partnership solely in its capacity of guarantor of any series of debt securities of Boston Properties, Inc. and solely to the extent of any such guarantee.

The senior debt securities of Boston Properties, Inc. and the senior debt securities of Boston Properties Limited Partnership will be issued under the applicable senior debt indenture, as described below, and will rank equally with all of Boston Properties, Inc.'s or Boston Properties Limited Partnership's, as the case may be, other senior unsecured and unsubordinated debt.

The subordinated debt securities of Boston Properties, Inc. and the subordinated debt securities of Boston Properties Limited Partnership will be issued under the applicable subordinated debt indenture, as described below, and will be subordinate in right of payment to all of Boston Properties, Inc.'s or Boston Properties Limited Partnership's, as the case may be, senior debt, as defined in the applicable subordinated debt indenture, as described under "Description of Debt Securities - Subordination Provisions" beginning on page 24 and in the applicable prospectus supplement.

None of the indentures limit Boston Properties, Inc.'s or Boston Properties Limited Partnership's ability to incur additional senior debt, unless otherwise described in the prospectus supplement relating to any series of debt securities.

Boston Properties, Inc. senior debt will be structurally subordinate to the indebtedness of Boston Properties Limited Partnership (unless Boston Properties Limited Partnership guarantees such indebtedness and then solely to the extent of any such guarantee), and will be structurally subordinate to the indebtedness of the subsidiaries of Boston Properties Limited Partnership. Boston Properties Limited Partnership's senior debt is, and any additional senior debt of Boston Properties Limited Partnership will be, structurally subordinate to the indebtedness of Boston Properties Limited Partnership's subsidiaries and will be structurally senior to any indebtedness of Boston Properties, Inc., unless Boston Properties Limited Partnership guarantees such indebtedness of Boston Properties, Inc. See "Boston Properties, Inc.'s and Boston Properties Limited Partnership's Debt Securities Are Structurally Subordinated to Indebtedness of Boston Properties Limited Partnership and Boston Properties Limited Partnership's Subsidiaries, Respectively" below.

When we refer to "senior debt securities" in this prospectus, we mean both the senior debt securities of Boston Properties, Inc. and the senior debt securities of Boston Properties Limited Partnership, unless the context requires otherwise. When we refer to "subordinated debt securities" in this prospectus, we mean both the subordinated debt

securities of Boston Properties, Inc. and the subordinated debt securities of Boston Properties Limited Partnership, unless the context requires otherwise. When we refer to debt securities in this prospectus, we mean both the senior debt securities and the subordinated debt securities, unless the context requires otherwise.

## **Table of Contents**

If we issue debt securities at a discount from their principal amount, then, for purposes of calculating the aggregate initial offering price of the offered securities issued under this prospectus, we will include only the initial offering price of the debt securities and not the principal amount of the debt securities.

We have summarized below the material provisions of the indentures and the debt securities, or indicated which material provisions will be described in the related prospectus supplement. The prospectus supplement relating to any particular securities offered will describe the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. Because the summary in this prospectus and in any prospectus supplement does not contain all of the information that you may find useful, you should read the documents relating to the securities that are described in this prospectus or in any applicable prospectus supplement. Please read **Where You Can Find More Information** beginning on page 6 to find out how you can obtain a copy of those documents.

### **The Senior Debt Indenture and the Subordinated Debt Indenture of Boston Properties, Inc.**

The senior debt securities of Boston Properties, Inc. will be issued under an indenture, dated as of a date prior to such issuance, among Boston Properties, Inc., as the issuer of the debt securities, Boston Properties Limited Partnership, as the guarantor of the debt securities, if applicable, and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The subordinated debt securities of Boston Properties, Inc. will be issued under a separate indenture, dated as of a date prior to such issuance, among Boston Properties, Inc., as the issuer of the debt securities, Boston Properties Limited Partnership, as the guarantor of the debt securities, if applicable, and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The indentures will be subject to and governed by the Trust Indenture Act of 1939. We included copies of the forms of indentures as exhibits to our registration statement and they are incorporated into this prospectus by reference. Except as otherwise indicated, the terms of the indentures are identical.

Boston Properties Limited Partnership may, under each indenture, guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of principal of, and premium, if any, and interest on, one or more series or debt securities of Boston Properties, Inc. See **Description of Boston Properties Limited Partnership Guarantee** below for more information. If such debt securities are so guaranteed, the existence and terms of such guarantee will be set forth in the applicable prospectus supplement.

### **The Senior Debt Indenture and the Subordinated Debt Indenture of Boston Properties Limited Partnership**

The senior debt securities of Boston Properties Limited Partnership will be issued under an indenture, dated as of December 13, 2002, between Boston Properties Limited Partnership and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The subordinated debt securities of Boston Properties Limited Partnership will be issued under a separate indenture, dated as of a date prior to such issuance, between Boston Properties Limited Partnership, as the issuer of the debt securities, and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The senior debt securities indenture is and the subordinated debt securities indenture will be subject to and governed by the Trust Indenture Act of 1939. We included a copy of the form of subordinated debt securities indenture as an exhibit to this registration statement and it and the senior debt securities indenture are incorporated into this prospectus by reference. Except as otherwise indicated, the terms of the indentures are identical.

## **General**

The indentures:

do not limit the amount of debt securities that we may issue;

allow us to issue debt securities with terms different from those of the debt securities previously issued under the indenture;



## **Table of Contents**

allow us to issue debt securities in one or more series;

do not require us to issue all of the debt securities of a series at the same time;

allow us to reopen a series to issue additional debt securities without the consent of the holders of the debt securities of such series; and

provide that the debt securities will be unsecured.

Except as described under "Description of Debt Securities" Merger, Consolidation or Sale of Assets beginning on page 19 or as may be set forth in the applicable prospectus supplement, the debt securities will not contain any provisions that (1) would limit our ability to incur indebtedness or (2) would afford holders of debt securities protection in the event of (a) a highly leveraged or similar transaction involving Boston Properties, Inc., Boston Properties Limited Partnership or any of their respective affiliates or (b) a change of control or reorganization, restructuring, merger or similar transaction involving us that may adversely affect the holders of the debt securities. In the future, we may enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation, that may have an adverse effect on our ability to service our indebtedness, including the debt securities, by, among other things, substantially reducing or eliminating our assets. Neither governing law, nor our governing instruments, define the term "substantially all" as it relates to the sale of assets. Consequently, to determine whether a sale of "substantially all" of our assets has occurred, a holder of debt securities must review the financial and other information that we have disclosed to the public.

Each indenture provides that we may, but need not, designate more than one trustee under an indenture. Any trustee under an indenture may resign or be removed and a successor trustee may be appointed to act with respect to the series of debt securities administered by the resigning or removed trustee. If two or more persons are acting as trustee with respect to different series of debt securities, each trustee shall be a trustee of a trust under the applicable indenture separate and apart from the trust administered by any other trustee. Except as otherwise indicated in this prospectus, any action described in this prospectus to be taken by each trustee may be taken by each trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee under the applicable indenture.

As used in this prospectus, the term "debt securities" includes the debt securities being offered by this prospectus and all other debt securities issued by Boston Properties, Inc. or Boston Properties Limited Partnership under the indentures. When we refer to the indenture or the trustee with respect to any debt securities of Boston Properties, Inc. or Boston Properties Limited Partnership, we mean the indenture under which those debt securities are issued and the trustee under that indenture.

## **Information in the Prospectus Supplement**

When we refer to a series of debt securities, we mean a series issued under the applicable indenture. When we refer to a prospectus supplement, we mean the prospectus supplement describing the specific terms of the debt securities of a particular series being offered. The terms used in any prospectus supplement have the meanings described in this prospectus, unless otherwise specified.

We will describe most of the financial and other specific terms of a particular series of debt securities being offered, including the terms of any guarantee, if applicable, whether it be a series of the senior debt securities or subordinated debt securities, in a prospectus supplement accompanying this prospectus. Those terms may vary from the terms

described here.

The applicable prospectus supplement will also contain the terms of a given offering, the initial offering price and our net proceeds. Where applicable, a prospectus supplement will also describe any material U.S. federal income tax considerations relating to the debt securities offered and indicate whether the securities offered are or will be listed on any securities exchange.

**Table of Contents**

Disclosure of the specific terms of a particular series of debt securities in the applicable prospectus supplement, may include some or all of the following:

whether the issuer of the debt securities is Boston Properties, Inc. or Boston Properties Limited Partnership;

the title of the debt securities;

whether they are senior debt securities or subordinated debt securities and, if they are subordinated debt securities, any changes in the subordination provisions described in this prospectus applicable to those subordinated debt securities;

the aggregate principal amount of the debt securities being offered, the aggregate principal amount of the debt securities outstanding as of the most recent practicable date and any limit on their aggregate principal amount, including the aggregate principal amount of debt securities authorized;

the stated maturity;

the price at which the debt securities will be issued, expressed as a percentage of the principal amount, and the original issue date;

the portion of the principal payable upon declaration of acceleration of the maturity, if other than the principal amount;

the date or dates, or the method for determining the date or dates, on which the principal of the debt securities will be payable;

the fixed or variable interest rate or rates of the debt securities, or the method by which the interest rate or rates is determined;

the date or dates, or the method for determining the date or dates, from which interest will accrue;

the dates on which interest will be payable;

the record dates for interest payment dates, or the method by which we will determine those dates;

the persons to whom interest will be payable;

the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;

any make-whole amount, which is the amount in addition to principal and interest that is required to be paid to the holder of a debt security as a result of any optional redemption or accelerated payment of such debt security, or the method for determining the make-whole amount;

whether the debt securities may be converted into, in the case of debt securities of Boston Properties, Inc., or exchanged for, in the case of debt securities of Boston Properties Limited Partnership, common stock or preferred stock of Boston Properties, Inc. or other securities, the terms on which such conversion or exchange may occur, including whether such conversion or exchange is mandatory, at the option of the holder or at our option, the period during which such conversion or exchange may occur, the initial conversion or exchange price or rate, and the circumstances or manner in which the shares of common stock or preferred stock issuable upon conversion or exchange may be adjusted or calculated according to the market price of Boston Properties, Inc. common stock or preferred stock or such other securities or other applicable parameters;

**Table of Contents**

if the debt securities are issued by Boston Properties, Inc., whether Boston Properties Limited Partnership will guarantee the due and punctual payment of principal of, premium (or make-whole amount), if any, and interest on the debt securities and the extent of any such guarantee, and if so, whether such guarantee will be unsecured and unsubordinated or subordinated to other indebtedness of Boston Properties Limited Partnership;

if the debt securities are issued by Boston Properties Limited Partnership, whether Boston Properties, Inc. will guarantee the due and punctual payment of principal of, premium (or make-whole amount), if any, and interest on the debt securities and the extent of any such guarantee, and if so, whether such guarantee will be unsecured and unsubordinated or subordinated to other indebtedness of Boston Properties, Inc.;

the place or places where the principal of, and any premium (or make-whole amount) and interest on, the debt securities will be payable;

where the debt securities may be surrendered for registration of transfer or exchange;

where notices or demands to or upon us in respect of the debt securities and the applicable indenture may be served;

the times, prices and other terms and conditions upon which we may redeem the debt securities;

any obligation we have to redeem, repay or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of holders of the debt securities, and the times and prices at which we must redeem, repay or purchase the debt securities as a result of such an obligation;

any deletions from, modifications of, or additions to our events of default or covenants, and any change in the right of any trustee or any of the holders to declare the principal amount of any of such debt securities due and payable;

the denominations in which the debt securities will be issuable, if other than denominations of \$1,000 and any integral multiple of \$1,000;

the currency or currencies in which the debt securities are denominated and in which principal and/or interest is payable if other than United States dollars, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto, and the manner of determining the equivalent of such foreign currency in United States dollars;

whether the principal of, and any premium (or make-whole amount) or interest on, the debt securities of the series are to be payable, at our election or at the election of a holder, in a currency or currencies other than that in which the debt securities are denominated or stated to be payable, and other related terms and conditions;

whether the amount of payments of principal of, and any premium (or make-whole amount) or interest on, the debt securities may be determined according to an index, formula or other method and how such amounts will be determined;

whether the debt securities will be in registered form, bearer form or both and (1) if in registered form, the person to whom any interest shall be payable, if other than the person in whose name the security is registered at the close of business on the regular record date for such interest, or (2) if in bearer form, the manner in which, or the person to whom, any interest on the security shall be payable if otherwise than upon presentation and surrender upon maturity;

**Table of Contents**

the identity of the depository for securities in registered form, if such series are to be issuable as a global security;

any restrictions applicable to the offer, sale or delivery of securities in bearer form and the terms upon which securities in bearer form of the series may be exchanged for securities in registered form of the series and vice versa if permitted by applicable laws and regulations;

whether any debt securities of the series are to be issuable initially in temporary global form and whether any debt securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may or shall be required to exchange their interests for other debt securities of the series, and the manner in which interest shall be paid;

the date as of which any debt securities in bearer form or in temporary global form shall be dated if other than the original issuance date of the first security of the series to be issued;

the applicability, if any, of the defeasance and covenant defeasance provisions described in this prospectus or in the applicable indenture;

whether and under what circumstances we will pay any additional amounts on the debt securities in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities in lieu of making such a payment;

the circumstances, if any, under which beneficial owners of interests in the global security may obtain definitive debt securities and the manner in which payments on a permanent global debt security will be made if any debt securities are issuable in temporary or permanent global form;

any provisions granting special rights to holders of securities upon the occurrence of such events as specified in the applicable prospectus supplement;

the name of the applicable trustee and the nature of any material relationship with us or with any of our affiliates, and the percentage of debt securities of the class necessary to require the trustee to take action; and

any other terms of such debt securities not inconsistent with the provisions of the applicable indenture.

***Original Issue Discount Securities***

We may issue debt securities at a discount below their principal amount and provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof. We will refer to any such debt securities throughout this prospectus as original issue discount securities. A fixed rate debt security, a floating rate debt security or an indexed debt security may be an original issue discount security. The applicable prospectus

supplement will describe the material federal income tax consequences and other relevant considerations applicable to original issue discount securities.

***Fixed Rate Debt Securities***

We may issue fixed rate debt securities. A debt security of this type will bear interest at a fixed rate described in the applicable prospectus supplement. This type includes zero coupon debt securities, which bear no interest and are instead issued at a price usually significantly lower than the principal amount. Unless otherwise disclosed in the applicable prospectus supplement, each fixed rate debt security, except any zero coupon debt security, will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a fixed rate debt security at the fixed yearly rate stated in the applicable prospectus supplement, until the principal is paid or made available for payment or the debt security is exchanged. Each payment of interest due on an interest payment date or



## **Table of Contents**

the date of maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid or made available for payment, to but excluding the interest payment date or the date of maturity. Unless otherwise disclosed in the applicable prospectus supplement, we will compute interest on fixed rate debt securities on the basis of a 360-day year of twelve 30-day months.

### ***Floating Rate Debt Securities***

We may issue floating rate debt securities. A debt security of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. If a debt security is a floating rate debt security, the formula and any adjustments that apply to the interest rate will be specified in the applicable prospectus supplement.

Unless otherwise disclosed in the applicable prospectus supplement, each floating rate debt security will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a floating rate debt security at the yearly rate determined according to the interest rate formula stated in the applicable prospectus supplement, until the principal is paid or made available for payment or the security is exchanged.

Calculations relating to floating rate debt securities will be made by the calculation agent, an institution that we appoint as our agent for this purpose. The prospectus supplement for a particular floating rate debt security will name the institution that we have appointed to act as the calculation agent for that debt security as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the debt security without your consent and without notifying you of the change.

For each floating rate debt security, the calculation agent will determine, on the corresponding interest calculation or determination date, as described in the applicable prospectus supplement, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period i.e., the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate debt security by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in the applicable prospectus supplement.

Upon the request of the holder of any floating rate debt security, the calculation agent will provide for that debt security the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a debt security will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate debt security will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a

corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate debt security during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in the applicable prospectus supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant floating rate debt securities and its affiliates.

## **Table of Contents**

### ***Indexed Debt Securities***

We may issue indexed debt securities. Payments of principal of, and premium and interest on, indexed debt securities are determined with reference to the rate of exchange between the currency or currency unit in which the debt security is denominated and any other currency or currency unit specified by us, to the relationship between two or more currencies or currency units or by other similar methods or formulas specified in the prospectus supplement. A debt security of this type provides that the principal amount payable at its maturity, and the amount of interest payable on an interest payment date, will be determined by reference to:

securities of one or more issuers;

one or more currencies;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; or

one or more indices or baskets of the items described above.

If you are a holder of an indexed debt security, you may receive an amount at maturity that is greater than or less than the face amount of your debt security depending upon the value of the applicable index at maturity. The value of the applicable index will fluctuate over time.

We will provide you with more information in the applicable prospectus supplement regarding any deletions, modifications, or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

### **Amounts that We May Issue**

None of the indentures limit the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. In addition, the indentures and the debt securities do not limit either Boston Properties, Inc.'s or Boston Properties Limited Partnership's ability to incur other indebtedness or to issue other securities, unless otherwise described in the prospectus supplement relating to any series of debt securities. Also, neither Boston Properties, Inc. nor Boston Properties Limited Partnership is subject to financial or similar restrictions by the terms of the debt securities, unless otherwise described in the prospectus supplement relating to any series of debt securities.

### **Payment**

Unless we give you different information in the applicable prospectus supplement, the principal of, and any premium (or make-whole amount) and interest on, any series of the debt securities will be payable at the corporate trust office of the applicable trustee. We will provide you with the address of the trustee in the applicable prospectus supplement.

We may also pay interest by mailing a check to the address of the person entitled to it as it appears in the applicable register for the debt securities or by wire transfer of funds to that person at an account maintained within the United States.

All monies that we pay to a paying agent or a trustee for the payment of the principal of, and any premium (or make-whole amount) or interest on, any debt security will be repaid to us if unclaimed at the end of two years after the obligation underlying payment becomes due and payable. After funds have been returned to us, the holder of the debt security may look only to us for payment, without payment of interest for the period which we hold the funds.

## **Table of Contents**

### **Boston Properties, Inc. s and Boston Properties Limited Partnership s Debt Securities are Structurally Subordinated to Indebtedness of Boston Properties Limited Partnership and Boston Properties Limited Partnership s Subsidiaries, Respectively**

Boston Properties, Inc. s indebtedness is structurally subordinated to debt of Boston Properties Limited Partnership, except to the extent of any guarantee of such indebtedness by Boston Properties Limited Partnership. In addition, because Boston Properties, Inc. s assets consist principally of interests in Boston Properties Limited Partnership and because Boston Properties Limited Partnership s assets consist principally of interests in the subsidiaries through which we own our properties and conduct our business, our right to participate as an equity holder in any distribution of assets of any of our subsidiaries upon the subsidiary s liquidation or otherwise, and thus the ability of our security holders to benefit from the distribution, is junior to creditors of the applicable subsidiary, except to the extent that any claims we may have as a creditor of such subsidiary are recognized. Furthermore, because some of our subsidiaries are partnerships in which we are a general partner, we may be liable for their obligations. We may also guarantee some obligations of our subsidiaries. Any liability we may have for our subsidiaries obligations could reduce our assets that are available to satisfy our direct creditors, including investors in our debt securities.

### **Form of Debt Securities**

We will issue each debt security in global i.e., book-entry form only, unless we specify otherwise in the applicable prospectus supplement. Debt securities in book-entry form will be represented by a global security registered in the name of a depositary, which will be the holder of all the debt securities represented by that global security. Those who own beneficial interests in a global debt security will do so through participants in the depositary s securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depositary and its participants.

In addition, we will issue each debt security in fully registered form, without coupons.

### **Denomination, Interest, Registration and Transfer**

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issuable in denominations of \$1,000 and integral multiples of \$1,000.

Subject to the limitations imposed upon debt securities that are issued in book-entry form and represented by a global security registered in the name of a depositary, a holder of debt securities of any series may:

exchange them for any authorized denomination of other debt securities of the same series and of a like aggregate principal amount and kind upon surrender of such debt securities at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose; and

surrender them for registration of transfer or exchange at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose.

Every debt security surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer, and the person requesting such action must provide evidence of title and identity satisfactory to the applicable trustee or transfer agent. Payment of a service charge will not be required for any registration of transfer or exchange of any debt securities, but we or the trustee may require payment of a sum

sufficient to cover any tax or other governmental charge payable in connection therewith. If in addition to the applicable trustee, the applicable prospectus supplement refers to any transfer agent initially designated by us for any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents for any series of debt securities.

## **Table of Contents**

Neither we nor any trustee shall be required to:

issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before the day that the notice of redemption of any debt securities selected for redemption is mailed and ending at the close of business on the day of such mailing;

register the transfer of or exchange any debt security, or portion thereof, so selected for redemption, in whole or in part, except the unredeemed portion of any debt security being redeemed in part; and

issue, register the transfer of or exchange any debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be so repaid.

## **Merger, Consolidation or Sale of Assets**

The indentures provide that each of Boston Properties, Inc. and Boston Properties Limited Partnership may, without the consent of the holders of any outstanding debt securities, (1) consolidate with, (2) sell, lease or convey all or substantially all of its assets to, or (3) merge with or into, any other entity provided that:

either it is the continuing entity, or the successor entity, if other than Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, is an entity organized and existing under the laws of the United States and assumes its obligations (A) to pay the principal of, and any premium and interest on, all of its debt securities and (B) to duly perform and observe all of its covenants and conditions contained in the applicable indenture;

immediately after giving effect to the transaction and treating any indebtedness that becomes the obligation of Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, or the obligation of any of our subsidiaries as having been incurred by us or by such subsidiary at the time of the transaction, no event of default under the applicable indenture, and no event which, after notice or the lapse of time, or both, would become such an event of default, occurs and continues; and

an officers' certificate and legal opinion covering such conditions are delivered to each trustee.

Any limitation applicable to the ability of Boston Properties Limited Partnership, in its capacity as guarantor of debt securities of any series of Boston Properties, Inc., to participate in any of the transactions described above will be set forth in the applicable prospectus supplement.

## **Covenants**

*Existence.* Except as permitted under *Description of Debt Securities* *Merger, Consolidation or Sale of Assets* above, the indentures require us to do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights and franchises. However, the indentures do not require us to preserve any right or franchise if the board of directors of Boston Properties, Inc. determines that any right or franchise is no longer desirable in the

conduct of our business.

*Maintenance of properties.* If we determine that it is necessary in order to properly and advantageously carry on our business, the indentures require us to:

cause all of our material properties used or useful in the conduct of our business or the business of any of our subsidiaries to be maintained and kept in good condition, repair and working order, normal wear and tear, casualty and condemnation excepted, and supplied with all necessary equipment; and

cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof. However, the indentures do not prohibit us or our subsidiaries from (1) permanently removing any property that has been condemned or suffered a casualty loss, if it is in our best interests, or (2) selling or otherwise disposing of our respective properties for value in the ordinary course of business.



## **Table of Contents**

*Insurance.* The indentures require our insurable properties to be insured against loss or damage in an amount deemed reasonable by the board of directors of Boston Properties, Inc. with insurers of recognized responsibility.

*Payment of taxes and other claims.* The indentures require us to pay, discharge or cause to be paid or discharged, before they become delinquent:

all taxes, assessments and governmental charges levied or imposed on us, our subsidiaries or our subsidiaries income, profits or property; and

all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon our or our subsidiaries property.

However, we will not be required to pay, discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

*Provision of Financial Information.* The indentures require us to (1) within 15 days of each of the respective dates by which we are required to file annual reports, quarterly reports and other documents with the SEC, file copies of such reports and documents with the trustee and (2) within 30 days after the filing of such reports and documents with the Trustee, mail to all holders of debt securities, as their names and addresses appear in the applicable register for such debt securities summary of the annual reports, quarterly reports and other documents that we file with the SEC under Section 13 or Section 15(d) of the Exchange Act.

*Additional covenants.* The applicable prospectus supplement will set forth any additional covenants of Boston Properties, Inc. or Boston Properties Limited Partnership relating to any series of debt securities.

## **Events of Default, Notice and Waiver**

Unless the applicable prospectus supplement states otherwise, when we refer to events of default as defined in the indentures with respect to any series of debt securities, we mean:

default in the payment of any installment of interest on any debt security of such series continuing for 30 days;

default in the payment of principal of, or any premium (or make-whole amount) on, any debt security of such series at its maturity;

default in making any sinking fund payment as required for any debt security of such series;

default in the performance or breach of any other covenant or warranty of Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, contained in the indenture continuing for 60 days after written notice to Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, as

provided in the applicable indenture;

default by Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, under any bond, debenture, note, mortgage, indenture or other instrument under which there may be outstanding, or by which there may be secured or evidenced any recourse indebtedness for money borrowed by Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, having an aggregate in principal amount outstanding of at least \$50 million, whether such recourse indebtedness now exists or shall hereafter be created, which default either (A) constitutes a failure to pay any portion of the principal of such recourse indebtedness when due and payable at its stated maturity after the expiration of any applicable grace period with respect thereto (and without such recourse indebtedness having been discharged) or (B) resulted in such recourse indebtedness becoming or being declared due and payable prior to its stated maturity (and without such recourse indebtedness

**Table of Contents**

having been discharged or such acceleration having been rescinded or annulled), and in each case such default shall not have been rescinded or annulled within 10 days after written notice of such default has been received by Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, as provided in the applicable indenture;

certain events of bankruptcy, insolvency or reorganization of Boston Properties, Inc., Boston Properties Limited Partnership or any subsidiary of Boston Properties Limited Partnership that is an obligor or guarantor of any indebtedness that is also recourse indebtedness of Boston Properties, Inc. or Boston Properties Limited Partnership having an aggregate principal amount outstanding of at least \$50 million; and

any other event of default provided with respect to a particular series of debt securities.

If an event of default occurs and is continuing with respect to debt securities of any series outstanding, then the applicable trustee or the holders of 25% or more in principal amount of the debt securities of that series will have the right to declare the principal amount of all the debt securities of that series to be due and payable. If the debt securities of that series are original issue discount securities or indexed securities, then the applicable trustee or the holders of 25% or more in principal amount of the debt securities of that series will have the right to declare the portion of the principal amount as may be specified in the terms thereof to be due and payable. However, at any time after such a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable trustee, the holders of at least a majority in principal amount of outstanding debt securities of such series or of all debt securities then outstanding under the applicable indenture may rescind and annul such declaration and its consequences if:

we have deposited with the applicable trustee all required payments of the principal, any premium (or make-whole amount), and interest, plus applicable fees, expenses, disbursements and advances of the applicable trustee; and

all events of default, other than the non-payment of accelerated principal, or a specified portion thereof, and any premium (or make-whole amount), have been cured or waived.

The indentures also provide that the holders of at least a majority in principal amount of the outstanding debt securities of any series or of all debt securities then outstanding under the applicable indenture may on behalf of all holders waive any past default with respect to such series and its consequences, except a default:

in the payment of the principal, any premium (or make-whole amount) or interest;

in respect of a covenant or provision contained in the applicable indenture that cannot be modified or amended without the consent of the holder of the outstanding debt security that is affected by the default; or

in respect of a covenant or provision for the benefit or protection of the trustee, without its express written consent.

The indentures require each trustee to give notice to the holders of debt securities within 90 days of a default unless such default has been cured or waived. However, the trustee may withhold notice if specified responsible officers of such trustee consider such withholding to be in the interest of the holders of debt securities. The trustee may not withhold notice of a default in the payment of principal, any premium or interest on any debt security of such series or in the payment of any sinking fund installment in respect of any debt security of such series.

The indentures provide that holders of debt securities of any series may not institute any proceedings, judicial or otherwise, with respect to such indenture or for any remedy under the indenture, unless the trustee fails to act for a period of 60 days after the trustee has received a written request to institute proceedings in respect of an event of default from the holders of 25% or more in principal amount of the outstanding debt securities of such

## **Table of Contents**

series, as well as an offer of indemnity reasonably satisfactory to the trustee. However, this provision will not prevent any holder of debt securities from instituting suit for the enforcement of payment of the principal of, and any premium (or make-whole amount) and interest on, such debt securities at the respective due dates thereof.

The indentures provide that, subject to provisions in each indenture relating to its duties in the case of a default, a trustee has no obligation to exercise any of its rights or powers at the request or direction of any holders of any series of debt securities then outstanding under the indenture, unless the holders have offered to the trustee reasonable security or indemnity. The holders of at least a majority in principal amount of the outstanding debt securities of any series or of all debt securities then outstanding under an indenture shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable trustee, or of exercising any trust or power conferred upon such trustee. However, a trustee may refuse to follow any direction which:

is in conflict with any law or the applicable indenture;

may involve the trustee in personal liability; or

may be unduly prejudicial to the holders of debt securities of the series not joining the proceeding.

Within 120 days after the close of each fiscal year, we will be required to deliver to each trustee a certificate, signed by one of our several specified officers stating whether or not that officer has knowledge of any default under the applicable indenture. If the officer has knowledge of any default, the notice must specify the nature and status of the default.

## **Modification of the Indentures**

The indentures provide that modifications and amendments may be made only with the consent of the affected holders of at least a majority in principal amount of all outstanding debt securities issued under that indenture. However, no such modification or amendment may, without the consent of the holders of the debt securities affected by the modification or amendment:

change the stated maturity of the principal of, or any premium (or make-whole amount) on, or any installment of principal of or interest on, any such debt security;

reduce the principal amount of, the rate or amount of interest on or any premium (or make-whole amount) payable on redemption of any such debt security;

reduce the amount of principal of an original issue discount security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any such debt security;

change the place of payment or the coin or currency for payment of principal of, or any premium (or make-whole amount) or interest on, any such debt security;

impair the right to institute suit for the enforcement of any payment on or with respect to any such debt security;

reduce the percentage in principal amount of any outstanding debt securities necessary to modify or amend the applicable indenture with respect to such debt securities, to waive compliance with particular provisions thereof or defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the applicable indenture; and

modify any of the foregoing provisions or any of the provisions relating to the waiver of particular past defaults or covenants, except to increase the required percentage to effect such action or to provide that some of the other provisions may not be modified or waived without the consent of the holder of such debt security.

**Table of Contents**

The holders of a majority in aggregate principal amount of the outstanding debt securities of each series may, on behalf of all holders of debt securities of that series, waive, insofar as that series is concerned, our compliance with material restrictive covenants of the applicable indenture.

Boston Properties, Inc. or Boston Properties Limited Partnership and the respective trustee may make modifications and amendments of an indenture without the consent of any holder of debt securities for any of the following purposes:

to evidence the succession of another person to us as obligor under such indenture;

to add to the covenants of Boston Properties, Inc. or Boston Properties Limited Partnership for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon us in such indenture;

to add events of default for the benefit of the holders of all or any series of debt securities;

to add or change any provisions of an indenture (1) to facilitate the issuance of, or to change or eliminate restrictions on the payment of principal of, or premium (or make-whole amount) or interest on, debt securities in bearer form, or (2) to permit or facilitate the issuance of debt securities in uncertificated form, provided that such action shall not adversely affect the interests of the holders of the debt securities of any series in any material respect;

to change or eliminate any provisions of an indenture, provided that any such change or elimination shall become effective only when there are no debt securities outstanding of any series created prior thereto which are entitled to the benefit of such provision;

to secure the debt securities;

to establish the form or terms of debt securities of any series;

to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under an indenture by more than one trustee;

to cure any ambiguity, defect or inconsistency in an indenture, provided that such action shall not adversely affect the interests of holders of debt securities of any series issued under such indenture; and

to supplement any of the provisions of an indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such debt securities, provided that such action shall not adversely affect the interests of the holders of the outstanding debt securities of any series.

**Voting**

The indentures provide that in determining whether the holders of the requisite principal amount of outstanding debt securities of a series have given any request, demand, authorization, direction, notice, consent or waiver under the indentures or whether a quorum is present at a meeting of holders of debt securities:

the principal amount of an original issue discount security that shall be deemed to be outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof;



**Table of Contents**

the principal amount of any debt security denominated in a foreign currency that shall be deemed outstanding shall be the United States dollar equivalent, determined on the issue date for such debt security, of the principal amount or, in the case of an original issue discount security, the United States dollar equivalent on the issue date of such debt security of the amount determined as provided in the immediately preceding bullet point;

the principal amount of an indexed security that shall be deemed outstanding shall be the principal face amount of such indexed security at original issuance, unless otherwise provided for such indexed security under such indenture; and

debt securities owned by us or any other obligor upon the debt securities or by any affiliate of ours or of such other obligor shall be disregarded.

The indentures contain provisions for convening meetings of the holders of debt securities of a series. A meeting will be permitted to be called at any time by the applicable trustee, and also, upon request, by us or the holders of at least 25% in principal amount of the outstanding debt securities of such series, in any such case upon notice given as provided in such indenture. Except for any consent that must be given by the holder of each debt security affected by the modifications and amendments of an indenture described above, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority of the aggregate principal amount of the outstanding debt securities of that series represented at such meeting.

Notwithstanding the preceding paragraph, except as referred to above, any resolution relating to a request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, of the aggregate principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of such specified percentage.

Any resolution passed or decision taken at any properly held meeting of holders of debt securities of any series will be binding on all holders of such series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding debt securities of a series. However, if any action is to be taken relating to a consent or waiver which may be given by the holders of at least a specified percentage in principal amount of the outstanding debt securities of a series, the persons holding such percentage will constitute a quorum.

Notwithstanding the foregoing provisions, the indentures provide that if any action is to be taken at a meeting with respect to any request, demand, authorization, direction, notice, consent, waiver and other action that such indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all outstanding debt securities affected by such action, or of the holders of such series and one or more additional series:

there shall be no minimum quorum requirement for such meeting; and

the principal amount of the outstanding debt securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in

determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under such indenture.

**Subordination Provisions**

Holders of subordinated debt securities should recognize that contractual provisions in the applicable subordinated debt indenture may prohibit the issuer of the subordinated debt securities, whether Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, from making payments on those securities. Subordinated debt securities are subordinate and junior in right of payment, to the extent and in the manner stated in the applicable subordinated debt indenture or in the provisions of the applicable debt securities, to all of the issuer's senior debt, as defined in the applicable subordinated debt indenture, including all debt securities the issuer has issued and will issue under the applicable senior debt indenture.

**Table of Contents**

Unless defined differently in the applicable prospectus supplement, the applicable subordinated debt indentures define senior debt as the principal of and premium, if any, and interest on all indebtedness of the issuer, other than the subordinated debt securities, whether outstanding on the date of the indenture or thereafter created, incurred or assumed, which is (a) for money borrowed, (b) evidenced by a note or similar instrument given in connection with the acquisition of any businesses, properties or assets of any kind or (c) obligations of the issuer, as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles or leases of property or assets made as part of any sale and lease-back transaction to which the issuer is a party. For the purpose of this definition, interest includes interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the issuer, to the extent that the claim for post-petition interest is allowed in the proceeding. Also for the purpose of this definition, indebtedness of the issuer includes indebtedness of others guaranteed by the issuer and amendments, renewals, extensions, modifications and refundings of any indebtedness or obligation of the kinds described in the first sentence of this paragraph. However, indebtedness of the issuer for the purpose of this definition does not include any indebtedness or obligation if the instrument creating or evidencing the indebtedness or obligation, or under which the indebtedness or obligation is outstanding, provides that the indebtedness or obligation is not superior in right of payment to the subordinated debt securities.

Unless the applicable prospectus supplement provides differently, the subordinated debt indentures provides that, unless all principal of and any premium or interest on the senior debt has been paid in full, no payment or other distribution may be made in respect of any subordinated debt securities in the following circumstances:

in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceeding involving the issuer or its assets;

in the event of any liquidation, dissolution or other winding up of the issuer, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy;

in the event of any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the issuer;

if any subordinated debt securities of issuer have been declared due and payable before their stated maturity;

in the event and during the continuation of any default in the payment of principal, premium or interest on any senior debt beyond any applicable grace period or if any event of default with respect to any senior debt of the issuer has occurred and is continuing, permitting the holders of that senior debt of the issuer or a trustee to accelerate the maturity of that senior debt, unless the event of default has been cured or waived or ceased to exist and any related acceleration has been rescinded; or

if any judicial proceeding is pending with respect to a payment default or an event of default described in the immediately preceding clause.

If the trustee under the applicable subordinated debt indenture or any holders of the subordinated debt securities receive any payment or distribution that they know is prohibited under the subordination provisions, then the trustee

or the holders will have to repay that money to the holders of the senior debt.

Even if the subordination provisions prevent Boston Properties, Inc. or Boston Properties Limited Partnership from making any payment when due on the subordinated debt securities of any series, Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, will be in default on its obligations under that series if it does not make the payment when due. This means that the trustee under the applicable subordinated debt indenture and the holders of that series can take action against us, but they will not receive any money until the claims of the holders of senior debt have been fully satisfied.

**Table of Contents**

**Modification of Subordination Provisions**

Neither Boston Properties, Inc. nor Boston Properties Limited Partnership may amend the subordinated debt indenture governing any series of subordinated debt securities it has already issued to alter the subordination of any outstanding subordinated debt securities without the written consent of each holder of senior debt then outstanding who would be adversely affected by such amendment. In addition, neither Boston Properties, Inc. nor Boston Properties Limited Partnership may modify the subordination provisions of the subordinated debt indenture governing any series of subordinated debt securities it has already issued in a manner that would adversely affect the outstanding subordinated debt securities of any one or more series in any material respect, without the consent of the holders of a majority in aggregate principal amount of all affected series, voting together as one class.

**Discharge, Defeasance and Covenant Defeasance**

Unless otherwise indicated in the applicable prospectus supplement, the indentures allow us to discharge our obligations to holders of any series of debt securities issued under any indenture when:

either (1) all securities of such series have already been delivered to the applicable trustee for cancellation; or (2) all securities of such series have not already been delivered to the applicable trustee for cancellation but (A) have become due and payable, (B) will become due and payable within one year, or (C) if redeemable at our option, are to be redeemed within one year, and we have irrevocably deposited with the applicable trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable, an amount sufficient to pay the entire indebtedness on such debt securities in respect of principal (and any premium or make-whole amount) and interest to the date of such deposit if such debt securities have become due and payable or, if they have not, to the stated maturity or redemption date;

we have paid or caused to be paid all other sums payable; and

we have delivered to the trustee an officers' certificate and an opinion of counsel stating the conditions to discharging the debt securities have been satisfied.

Unless otherwise indicated in the applicable prospectus supplement, the indentures provide that, upon our irrevocable deposit with the applicable trustee, in trust, of an amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable at stated maturity, or government obligations, or both, applicable to such debt securities, which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of, and any premium (or make-whole amount) and interest on, such debt securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor, we may elect either:

to defease and be discharged from any and all obligations with respect to such debt securities; or

to be released from our obligations with respect to such debt securities under the applicable indenture or, if provided in the applicable prospectus supplement, our obligations with respect to any other covenant, and any omission to comply with such obligations shall not constitute an event of default with respect to such debt securities.

Notwithstanding the above, we may not elect to defease and be discharged from the obligation to pay any additional amounts upon the occurrence of particular events of tax, assessment or governmental charge with respect to payments on such debt securities and the obligations to register the transfer or exchange of such debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of such debt securities, or to hold monies for payment in trust.

The indentures only permit us to establish the trust described in the paragraph above if, among other things, we have delivered to the applicable trustee an opinion of counsel to the effect that the holders of such debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance or covenant

**Table of Contents**

defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred. Such opinion of counsel, in the case of defeasance, will be required to refer to and be based upon a ruling received from or published by the Internal Revenue Service or a change in applicable federal income tax law occurring after the date of the indenture. In the event of such defeasance, the holders of such debt securities would be able to look only to such trust fund for payment of principal, any premium (or make-whole amount), and interest.

When we use the term **government obligations**, we mean securities that are:

direct obligations of the United States or the government that issued the foreign currency in which the debt securities of a particular series are payable, for the payment of which its full faith and credit is pledged; or

obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States or other government that issued the foreign currency in which the debt securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States or such other government, which are not callable or redeemable at the option of the issuer thereof and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such government obligation or a specific payment of interest on or principal of any such government obligation held by such custodian for the account of the holder of a depository receipt. However, except as required by law, such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the government obligation or the specific payment of interest on or principal of the government obligation evidenced by such depository receipt.

Unless otherwise provided in the applicable prospectus supplement, if after we have deposited funds and/or government obligations to effect defeasance or covenant defeasance with respect to debt securities of any series, (1) the holder of a debt security of such series is entitled to, and does, elect under the terms of the applicable indenture or the terms of such debt security to receive payment in a currency, currency unit or composite currency other than that in which such deposit has been made in respect of such debt security, or (2) a conversion event occurs in respect of the currency, currency unit or composite currency in which such deposit has been made, the indebtedness represented by such debt security will be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of, and premium (or make-whole amount) and interest on, such debt security as they become due out of the proceeds yielded by converting the amount so deposited in respect of such debt security into the currency, currency unit or composite currency in which such debt security becomes payable as a result of such election or such cessation of usage based on the applicable market exchange rate.

When we use the term **conversion event**, we mean the cessation of use of:

a currency, currency unit or composite currency both by the government of the country that issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community;

the European Currency Unit both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities; or

any currency unit or composite currency other than the European Currency Unit for the purposes for which it was established.

Unless otherwise provided in the applicable prospectus supplement, all payments of principal of, and premium (or make-whole amount), if any, and interest on, any debt security that is payable in a foreign currency that ceases to be used by its government of issuance shall be made in United States dollars.



## **Table of Contents**

In the event that (1) we effect covenant defeasance with respect to any debt securities and (2) such debt securities are declared due and payable because of the occurrence of any event of default, the amount in such currency, currency unit or composite currency in which such debt securities are payable, and government obligations on deposit with the applicable trustee, will be sufficient to pay amounts due on such debt securities at the time of their stated maturity but may not be sufficient to pay amounts due on such debt securities at the time of the acceleration resulting from such event of default. However, we would remain liable to make payments of such amounts due at the time of acceleration.

The applicable prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series.

### ***Conversion or Exchange Rights***

The terms and conditions, if any, on which debt securities of Boston Properties, Inc. or Boston Properties Limited Partnership are convertible into or exchangeable for shares of common stock or preferred stock of Boston Properties, Inc. or other securities will be set forth in the applicable prospectus supplement. Such terms will include the terms on which such conversion or exchange may occur, including whether such conversion or exchange is mandatory, at the option of the holder or at our option, the period or periods during which such conversion or exchange may occur, the initial conversion or exchange price or rate, the circumstances under or manner in which the number of shares of common stock or preferred stock of Boston Properties, Inc. or other securities issuable upon conversion or exchange may be adjusted or calculated according to the market price of such common stock or preferred stock of Boston Properties, Inc. or other securities or based on other parameters, and provisions affecting conversion or exchange in the event that the debt securities are redeemed.

### ***No Recourse***

No recourse under or upon any obligation, covenant or agreement contained in any indenture or the debt securities, or because of any indebtedness evidenced thereby, shall be had (1) in the case of debt securities of Boston Properties Limited Partnership, against Boston Properties, Inc. as general partner or any other past, present or future partner of Boston Properties Limited Partnership, or against any other person or entity which owns an interest, directly or indirectly, in any partner of Boston Properties Limited Partnership, or (2) in the case of any debt securities of Boston Properties, Inc. or Boston Properties Limited Partnership, against any past, present or future shareholder, partner, employee, officer or director, as such, of Boston Properties Limited Partnership or Boston Properties, Inc. or any successor under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise. Each holder of debt securities waives and releases all such liability by accepting the debt securities. The waiver and release are part of the consideration for the issue of the debt securities.

### **Boston Properties, Inc. s and Boston Properties Limited Partnership s Relationship with the Trustee**

The Bank of New York Mellon Trust Company, N.A. and/or its affiliates have provided commercial banking and other services for Boston Properties, Inc., Boston Properties Limited Partnership and/or their affiliates in the past and may do so in the future.

The Bank of New York Mellon Trust Company, N.A. is initially serving as the trustee for the senior debt securities and the subordinated debt securities of Boston Properties, Inc. and Boston Properties Limited Partnership. We may appoint other parties to serve as trustee or co-trustee as may be indicated in the applicable prospectus supplement. If an actual or potential event of default occurs with respect to any of the debt securities, the trustee may be considered to have a conflicting interest for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required

to resign under one or more of the indentures, and the issuer of the debt securities would be required to appoint a successor trustee. For this purpose, a potential event of default means an event that would be an event of default if the requirements for giving the issuer of the debt securities default notice or for the default having to exist for a specific period of time were disregarded.

**Table of Contents**

**DESCRIPTION OF GUARANTEES**

Boston Properties, Inc. may guarantee (either fully or unconditionally or in a limited manner) the due and punctual payment of the principal of, and any premium and interest on, one or more series of debt securities of Boston Properties Limited Partnership, whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such guarantee and the applicable indenture. In case of the failure of Boston Properties Limited Partnership punctually to pay any principal, premium or interest on any guaranteed debt security, Boston Properties, Inc. will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by Boston Properties Limited Partnership. The particular terms of the guarantee, if any, will be set forth in a prospectus supplement relating to the guaranteed debt securities. Any guarantee by Boston Properties, Inc. will be of payment only and not of collection.

Boston Properties Limited Partnership may guarantee (either fully or unconditionally or in a limited manner) the due and punctual payment of the principal of, and any premium and interest on, one or more series of debt securities of Boston Properties, Inc., whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such guarantee and the applicable indenture. In case of the failure of Boston Properties, Inc. punctually to pay any principal, premium or interest on any guaranteed debt security, Boston Properties Limited Partnership will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by Boston Properties, Inc. The particular terms of the guarantee, if any, will be set forth in a prospectus supplement relating to the guaranteed debt securities. Any guarantee by Boston Properties Limited Partnership will be of payment only and not of collection.

**Table of Contents**

**DESCRIPTION OF COMMON STOCK OF BOSTON PROPERTIES, INC.**

The following is a summary of the material terms and provisions of Boston Properties, Inc. common stock. It may not contain all the information that is important to you. You can access complete information by referring to the certificate of incorporation and by-laws of Boston Properties, Inc., the shareholder rights plan of Boston Properties, Inc. and the Delaware General Corporation Law. The shareholder rights plan, certificate of incorporation and by-laws are incorporated by reference into this prospectus, and the following summary is qualified in its entirety by reference to such documents.

**General**

Under the certificate of incorporation, Boston Properties, Inc. has the authority to issue 250,000,000 shares of common stock, par value \$0.01 per share. On March 31, 2014, there were:

153,017,311 shares of Boston Properties, Inc. s common stock issued and outstanding;

15,583,853 common units of partnership interest in Boston Properties Limited Partnership issued and outstanding (other than the common units held by Boston Properties, Inc.), each of which is redeemable for one share of Boston Properties, Inc. s common stock (if Boston Properties, Inc. elects to issue common stock rather than pay cash upon such redemption);

1,554,353 long term incentive units of partnership interest in Boston Properties Limited Partnership issued and outstanding (excluding 394,590 long term incentive units granted under our 2012 Outperformance Plan, 314,974 2013 Multi-Year Long-Term Incentive Plan Units, or MYLTIP Units, and 483,555 2014 MYLTIP Units, which have not yet been earned) pursuant to the Long-Term Incentive Plan, each of which, upon the satisfaction of certain conditions, is convertible into one common unit; and

666,116 Series Two preferred units of partnership interest in Boston Properties Limited Partnership issued and outstanding, each of which was convertible into approximately 1.312336 common units (or a total of 874,168 common units). On March 11, 2014, Boston Properties, Inc. notified the holders of the outstanding Series Two Preferred Units that it had elected to redeem all of such Series Two Preferred Units on May 12, 2014. As a result of Boston Properties, Inc. s election to redeem the units, all of the holders of the Series Two Preferred Units converted such units into 1.312336 common units in Boston Properties Limited Partnership, or an aggregate of 874,168 common units, on or before May 12, 2014.

Boston Properties, Inc. may issue common stock from time to time. Boston Properties, Inc. s board of directors must approve the amount of stock we sell and the price for which it is sold. Holders of Boston Properties, Inc. common stock do not have any preferential rights or preemptive rights to buy or subscribe for capital stock or other securities that Boston Properties, Inc. may issue. However, each outstanding share of Boston Properties, Inc. common stock currently has attached to it one preferred stock purchase right issued under the shareholder rights plan, which is summarized below. Boston Properties, Inc. common stock does not have any redemption or sinking fund provisions or any conversion rights.

All of Boston Properties, Inc. common stock, when issued, will be duly authorized, fully paid and nonassessable. This means that the full price for Boston Properties, Inc. outstanding common stock will have been paid at the time of issuance and that any holder of Boston Properties, Inc. common stock will not later be required to pay Boston Properties, Inc. any additional money for such Boston Properties, Inc. common stock.

**Dividends**

Subject to the preferential rights of any other shares of Boston Properties, Inc. stock and the provisions of the certificate of incorporation regarding excess stock, holders of Boston Properties, Inc. common stock may receive dividends out of assets that Boston Properties, Inc. can legally use to pay dividends when and if they are authorized

## **Table of Contents**

and declared by the board of directors of Boston Properties, Inc. In the event Boston Properties, Inc. is liquidated, dissolved or its affairs are wound up, each common stockholder shares in the same proportion as other common stockholders out of assets that Boston Properties, Inc. can legally use to pay distributions after Boston Properties, Inc. pays or makes adequate provision for all of its known debts and liabilities.

## **Voting Rights**

Subject to the provisions of the certificate of incorporation of Boston Properties, Inc. regarding excess stock, holders of common stock will have the exclusive power to vote on all matters presented to Boston Properties, Inc. s stockholders, including the election of directors, except as otherwise provided by Delaware law or as provided with respect to any other shares of Boston Properties, Inc. stock. Holders of Boston Properties, Inc. common stock are entitled to one vote per share. There is no cumulative voting in the election of directors of Boston Properties, Inc. Generally, all matters to be voted on by stockholders, other than the election of directors, must be approved by a majority of the votes present in person or represented by proxy and entitled to vote at a meeting at which a quorum is present, subject to any voting rights granted to holders of any then outstanding preferred stock. In uncontested elections of directors, a majority voting standard will apply pursuant to which, in order for a director nominee to be elected, the votes cast for his or her election must exceed the votes cast against his or her election. In contested elections of directors, which generally will include any situation in which Boston Properties, Inc. receives a notice that a stockholder has nominated a person for election to the board of directors at a meeting of the stockholders of Boston Properties, Inc. that is not withdrawn on or before the tenth day before Boston Properties, Inc. first mails its notice for such meeting to its stockholders, a plurality voting standard will apply.

## **Other Rights**

Subject to the provisions of the certificate of incorporation of Boston Properties, Inc. regarding excess stock, all shares of Boston Properties, Inc. common stock have equal dividend, distribution, liquidation and other rights, and have no preference, appraisal or exchange rights, except for any appraisal rights provided by Delaware law.

Delaware law generally requires that Boston Properties, Inc. obtain the approval of a majority of the outstanding shares of Boston Properties, Inc. common stock that are entitled to vote before Boston Properties, Inc. may consolidate or merge with another corporation. However, Delaware law does not require that Boston Properties, Inc. seek approval of the stockholders of Boston Properties, Inc. to enter into a merger in which Boston Properties, Inc. is the surviving corporation following the merger if:

the certificate of incorporation of Boston Properties, Inc. is not amended in any respect by the merger;

each share of Boston Properties, Inc. stock outstanding prior to the merger is to be an identical share of stock following the merger; and

any shares of common stock (together with any other securities convertible into shares of common stock) to be issued or delivered as a result of the merger represent in the aggregate no more than 20% of the number of shares of Boston Properties, Inc. common stock outstanding immediately prior to the merger.

## **Restrictions on Ownership**

For Boston Properties, Inc. to qualify as a real estate investment trust under the Code, no more than 50% in value of Boston Properties, Inc. outstanding stock may be owned, actually or constructively, by five or fewer individuals during the last half of a taxable year. To assist Boston Properties, Inc. in meeting this requirement, it may take actions including the automatic conversion of shares in excess of this ownership restriction into excess stock to limit the ownership of the outstanding equity securities of Boston Properties, Inc., actually or constructively, by one person or entity. See Limits on Ownership of Boston Properties, Inc. Capital Stock.

## **Table of Contents**

### **Transfer Agent**

The transfer agent and registrar for Boston Properties, Inc. common stock is Computershare Trust Company, N.A.

### **Preferred Stock**

Under the certificate of incorporation of Boston Properties, Inc., it has authority to issue up to 50,000,000 shares of preferred stock.

Boston Properties, Inc. may issue preferred stock from time to time, in one or more series, as authorized by its board of directors. Prior to issuance of shares of each series, the board of directors of Boston Properties, Inc. is required by the Delaware General Corporation Law and the certificate of incorporation of Boston Properties, Inc. to fix for each series, subject to the provisions of the certificate of incorporation regarding excess stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption, as are permitted by Delaware law. The preferred stock will, when issued, be fully paid and nonassessable and will have no preemptive rights. The board of directors of Boston Properties, Inc. could authorize the issuance of preferred stock with terms and conditions that could have the effect of discouraging a takeover or other transaction that holders of Boston Properties, Inc. common stock might believe to be in their best interests or in which holders of some, or a majority, of Boston Properties, Inc. common stock might receive a premium for their shares over the then market price of Boston Properties, Inc. common stock.

Under the certificate of incorporation of Boston Properties, Inc., it has authority to issue up to 150,000 shares of Series E junior participating cumulative preferred stock. None of the Series E junior participating cumulative preferred stock is issued or outstanding. Shares of Boston Properties, Inc. Series E junior participating cumulative preferred stock may be issued under the shareholder rights plan of Boston Properties, Inc., which is summarized below. The complete terms of the Series E junior participating cumulative preferred stock are set forth in the Certificate of Designations that is filed as Exhibit 4.2 hereto.

On March 20, 2013, Boston Properties, Inc. filed with the Secretary of State of the State of Delaware a Certificate of Designations designating 92,000 shares of its Preferred Stock as 5.25% Series B Cumulative Redeemable Preferred Stock. The Series B Preferred Stock is not redeemable by the holders, has no maturity date and is not convertible into or exchangeable for any other security of Boston Properties, Inc. or any of its affiliates. The complete terms of the Series B Preferred Stock are set forth in the Certificate of Designations, which is filed as Exhibit 4.4 hereto. As of March 31, 2014, there were 80,000 shares of Boston Properties, Inc.'s Series B Preferred Stock issued and outstanding.

### **Shareholder Rights Plan**

In 1997, the board of directors of Boston Properties, Inc. adopted a shareholder rights plan and entered into a shareholder rights agreement with Computershare Trust Company, N.A. (as successor to BankBoston, N.A.), as rights agent. In 2007, the board of directors of Boston Properties, Inc. determined it was in the best interests of its stockholders to extend the benefits afforded by this shareholder rights plan by entering into a new shareholder rights agreement with Computershare Trust Company, N.A., as rights agent. The rights may discourage, delay or prevent hostile takeovers. They are not intended, however, to interfere with any merger or other business combination approved by the board of directors of Boston Properties, Inc.

Under the shareholder rights plan of Boston Properties, Inc., one preferred stock purchase right is attached to each outstanding share of Boston Properties, Inc. common stock. We refer to these preferred stock purchase rights as the rights. Each share of common stock issued in the future will also receive a right until any of the rights become



exercisable. Until a right is exercised, the holder of a right does not have any additional rights as a stockholder. These rights expire on June 29, 2017, unless previously redeemed or exchanged by us as described below. These rights trade automatically with Boston Properties, Inc. common stock and will separate from the common stock and become exercisable only under the circumstances described below.

**Table of Contents**

In general, the rights will separate from Boston Properties, Inc.'s common stock and become exercisable when the first of the following events happens:

(1) ten calendar days after a public announcement that a person or a group of affiliated or associated persons has acquired beneficial ownership of more than 15% of the sum of Boston Properties, Inc. outstanding common stock and excess stock, the date of such public announcement being referred to as a stock acquisition date; or

(2) ten business days, or such later date determined by the board of directors of Boston Properties, Inc., after the beginning of a tender offer or exchange offer that could result in a person or group beneficially owning more than 15% of the sum of Boston Properties, Inc. outstanding common stock and excess stock.

Under the shareholder rights plan of Boston Properties, Inc., shares of Boston Properties, Inc. common stock that may be issued upon redemption of outstanding common units of limited partnership interest in Boston Properties Limited Partnership are not included in the definition of beneficial ownership.

However, if a person who became a limited partner of Boston Properties Limited Partnership at the time of the initial public offering of Boston Properties, Inc. acquires beneficial ownership of more than 15% of the sum of Boston Properties, Inc. common stock and excess stock, the rights will not become exercisable unless the acquisition results in that person acquiring a percentage of the outstanding shares of the outstanding common stock of Boston Properties, Inc. plus outstanding common units of limited partnership interest of Boston Properties Limited Partnership that is greater than the percentage of outstanding shares of common stock plus outstanding common units of limited partnership interest of Boston Properties Limited Partnership that such person held at the completion of Boston Properties, Inc. initial public offering. No group of which Mr. Zuckerman or any of his heirs, legatees or devisees, or any other person whose beneficial ownership of shares of Boston Properties, Inc.'s common stock would be attributed to Mr. Zuckerman under the Code, are a member will be deemed to beneficially own any of Boston Properties, Inc.'s securities owned by that person. In addition, no group of which the heirs, legatees or devisees of Mr. Edward H. Linde, or any other person whose beneficial ownership of shares of Boston Properties, Inc.'s common stock would be attributed to Mr. E. Linde's heirs, legatees or devisees under the Code, are a member will be deemed to beneficially own any of Boston Properties, Inc.'s securities owned by that person. Common units of limited partnership interest of Boston Properties Limited Partnership held by Boston Properties, Inc. are excluded in making these calculations.

If the rights become exercisable, holders of the rights will be able to purchase from Boston Properties, Inc. a unit of preferred stock equal to one ten-thousandth of a share of Boston Properties, Inc.'s Series E junior participating cumulative preferred stock at a cash exercise price of \$350.00 per unit, subject to adjustment. Boston Properties, Inc. has designated 150,000 shares of Series E junior participating cumulative preferred stock and has reserved these shares for issuance under the shareholder rights plan of Boston Properties, Inc. However, all rights owned by any persons or groups triggering the event shall be void.

In the event that a stock acquisition date occurs, the rights (other than those held by the person or group triggering the stock acquisition date, whose rights will become null and void) will be exercisable for units of our Series E junior participating cumulative preferred stock having a market value of two times the exercise price of the rights.

In addition, if at any time following a stock acquisition date:

Boston Properties, Inc. enters into a merger or other business combination transaction in which Boston Properties, Inc. is not the surviving entity;

Boston Properties, Inc. enters into a merger or other business combination transaction in which all or part of Boston Properties, Inc. common stock is exchanged for stock or other securities of any other person or cash or any other property; or

Boston Properties, Inc. sells, transfers or mortgages 50% or more of its assets or earning power;

**Table of Contents**

then each holder of a right, other than rights held by the person or group who triggered the event, will be entitled to receive, upon exercise, common stock of the acquiring company having a market value equal to two times the exercise price of the right.

At any time on or after the date on which the rights separate and become exercisable, the board of directors of Boston Properties, Inc. may, at its option, exchange all or any part of the then outstanding and exercisable rights for shares of Boston Properties, Inc. common stock or units of Series E junior participating cumulative preferred stock at an exchange ratio of one share or one unit per right. However, the board of directors of Boston Properties, Inc. generally will not be empowered to effect an exchange at any time after any person becomes the beneficial owner of 50% or more of Boston Properties, Inc. outstanding common stock.

Boston Properties, Inc. may redeem the rights in whole, but not in part, at a price of \$.001 per right at any time before the earlier of (1) the date that is ten calendar days after a stock acquisition date or (2) the expiration date of the rights plan. The rights will expire at the close of business on June 29, 2017 unless we redeem them before that date.

Boston Properties, Inc. may, in its sole discretion, amend any provision of the rights agreement until the rights become exercisable. After the rights become exercisable, Boston Properties, Inc. may, subject to specified limitations, amend the rights agreement only to cure any ambiguity, defect or inconsistency, to shorten or lengthen any time period, or to make changes that do not adversely affect the interests of the holders of the rights.

The above description of the shareholder rights plan of Boston Properties, Inc. is not intended to be a complete description. For a full description of the shareholder rights plan, you should read the shareholder rights agreement. The foregoing description of the shareholder rights plan is qualified in its entirety by reference to the shareholder rights agreement. A copy of the shareholder rights agreement has been filed with the SEC and is incorporated herein by reference.

**Table of Contents**

**DESCRIPTION OF PREFERRED STOCK OF BOSTON PROPERTIES, INC.**

This section describes the general terms and provisions of shares of Boston Properties, Inc.'s preferred stock that we may offer by this prospectus. Boston Properties, Inc. may issue preferred stock in one or more series; each series of preferred stock will have its own rights and preferences. We will describe in a prospectus supplement (1) the specific terms of the series of any preferred stock offered through that prospectus supplement and (2) any general terms outlined in this section that will not apply to those shares of preferred stock. This summary of terms is not complete. For additional information before you buy any preferred stock you should read the certificate of incorporation and by-laws of Boston Properties, Inc. that are in effect on the date that we offer any preferred stock, as well as any applicable amendment to our certificate of incorporation designating the terms of a series of preferred stock.

**General**

Under its certificate of incorporation, Boston Properties, Inc. has the authority to issue up to 50,000,000 shares of preferred stock, par value \$0.01 per share. Prior to issuing shares of preferred stock of a particular series, our board of directors will determine or fix the terms of that series of preferred stock, as described below.

When we issue shares of preferred stock, they will be fully paid and nonassessable. This means the full purchase price for the outstanding preferred stock will be paid at issuance and that the purchasers of shares of preferred stock will not be required later to pay us any additional consideration for those shares. The preferred stock will have no preemptive rights to subscribe for any additional securities which we may issue in the future. This means that the purchasers of shares of preferred stock will not receive any rights, as a holder of preferred stock, to buy any portion of the securities which we may issue in the future. Because our board of directors has the power to establish the preferences and rights of each class or series of preferred stock, our board of directors may grant the holders of any series or class of preferred stock preferences, powers, and rights, voting or otherwise, senior to the rights of holders of shares of common stock. The issuance or possibility of issuance of preferred stock could have the effect of delaying or preventing a change in control of our company.

**Terms**

The preferred stock will have the dividend, liquidation, redemption, voting, and conversion rights described in this section unless we state otherwise in the applicable prospectus supplement. The liquidation preference is not indicative of the price at which the preferred stock will actually trade on or after the date of issuance. You should read the prospectus supplement relating to the particular series of preferred stock for specific terms, including:

the title and liquidation preference of such preferred stock and the number of shares offered;

the initial offering price of such preferred stock;

the dividend rate or rates (or method of calculation), the dividend periods, the date(s) on which dividends will be payable and whether the dividends will be cumulative or noncumulative, and, if cumulative, the dates from which the dividends will start to cumulate;

procedures for any auction and remarketing, if any;

any listing of such preferred stock on any securities exchange;

any redemption or sinking fund provisions;

any conversion or exchange provisions;

any voting rights;

any other specific terms, preferences, rights, limitations, or restrictions of such preferred stock;

## **Table of Contents**

discussion of federal income tax considerations applicable to such preferred stock;

relative ranking and preference of such preferred stock as to dividend rights and rights upon liquidation, dissolution, or winding up of our business;

any limitations on issuance of any series of preferred stock ranking senior to or on a parity with such series of preferred stock as to dividend rights and rights upon liquidation, dissolution, or winding up of our business; and

any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a REIT.

## **Rank**

Unless we state otherwise in the applicable prospectus supplement, each series of preferred stock will, with respect to dividend rights and rights upon liquidation, dissolution, or winding up of our business, rank:

senior to our common stock and any of our other equity securities ranking junior to such series of preferred stock;

on a parity with all of our equity securities which according to their terms rank on a parity with such series of preferred stock; and

junior to all of our equity securities which according to their terms rank senior to such series of preferred stock.

The term "equity securities" does not include any convertible debt securities Boston Properties, Inc. may issue.

## **Dividends**

As a holder of shares of preferred stock, you will be entitled to receive cash dividends, if declared by our board of directors, out of our assets that we can legally use to pay dividends. The prospectus supplement relating to a particular series of preferred stock will state the dividend rate or rates (or method of calculation) and dates on which the dividends will be payable for such series. We will pay dividends to the holders of record as they appear on our stock transfer books on the record dates fixed by our board of directors.

The applicable prospectus supplement will also state whether the dividends on any series of preferred stock are cumulative or non-cumulative. Dividends, if cumulative, will accumulate from and after the dates stated in the applicable prospectus supplement. If our board of directors does not declare a dividend payable on a dividend payment date on any series of preferred stock for which dividends are non-cumulative, then the holders of such series of preferred stock will have no right to receive a dividend for the dividend period ending on such dividend payment date, and we will not be obligated to pay the dividend accrued for such period, even if our board of directors declares a dividend in the future.

We will not pay a dividend on any class or series of stock ranking as to dividends equal with or junior to a series of preferred stock unless:

if such series of preferred stock has a cumulative dividend, full cumulative dividends have been or contemporaneously are declared and paid (or declared and sufficient money is set apart for payment); or

if such series of preferred stock does not have a cumulative dividend, full dividends for the then current dividend period have been or contemporaneously are declared and paid (or declared and sufficient money is set apart for the payment).



## **Table of Contents**

If at any time full dividends will not be paid (or declared and sufficient money set apart for payment) on all shares of preferred stock ranking equal as to dividends, then:

we will declare any dividends pro rata among all shares of preferred stock ranking equal as to dividends. This means that the dividends we declare per share on each series of such preferred stock,

which will not include any accumulation in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend, will bear the same relationship to each other that the full accrued dividends per share on each such series of preferred stock bear to each other;

other than pro rata dividends, we will not declare or pay any dividends or set any money aside for payment of dividends, except dividends paid in the form of securities ranking junior to the preferred stock as to dividends and upon liquidation, or declare or make any distributions upon any security ranking junior to or equal with the preferred stock as to dividends or upon liquidation; and

we will not redeem, purchase, or otherwise acquire, or set aside money for a sinking fund for, any securities ranking junior to or equal with the preferred stock as to dividends or upon liquidation, except by conversion into or exchange for shares junior to the preferred stock as to dividends and upon liquidation.

## **Redemption**

A series of preferred stock may be redeemable, in whole or in part, at our option and may be subject to mandatory redemption pursuant to a sinking fund, or otherwise, as we may describe in the applicable prospectus supplement.

If a series of preferred stock is subject to mandatory redemption, we will specify the following in the applicable prospectus supplement:

the date on which such mandatory redemption shall commence and the number of shares of such preferred stock that we will redeem each year after such date;

the redemption price; and

whether the redemption price will be paid in cash or other property together with an amount equal to all accrued and unpaid dividends, which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend, to the date of redemption.

If we are only permitted to pay the redemption price of a series of preferred stock from the net proceeds of the issuance of shares of our capital stock and the proceeds from such issuance are insufficient or no such issuance has occurred, then the terms of that series may provide that such preferred stock will automatically and mandatorily be converted into shares of our capital stock pursuant to conversion provisions which we will specify in the applicable

prospectus supplement.

Even if the terms of a series of preferred stock permit us to redeem such shares of preferred stock in whole or in part, if any dividends, including accumulated dividends, on that series are past due, we will not:

redeem any preferred stock of that series unless we simultaneously redeem all outstanding shares of preferred stock of that series; and

purchase or otherwise acquire any preferred stock of that series, except by conversion into or exchange for shares of our capital stock ranking junior to such preferred stock as to dividends and upon liquidation.

## **Table of Contents**

The prohibitions regarding redemption discussed in the prior sentence will not restrict us from purchasing or acquiring preferred stock of any series to preserve our REIT status or pursuant to a purchase or exchange offer made on the same terms to all holders of that series.

If fewer than all of the outstanding shares of any series of preferred stock are to be redeemed, our board of directors will determine the number of shares to be redeemed. Except when such redemption is to preserve our status as a REIT, we may redeem the shares pro rata from the holders of record in proportion to the number of such shares held by them or for which such holder requested redemption, with adjustments to avoid redemption of fractional shares, or by any other equitable manner that we determine.

We will give notice of redemption by mailing a notice to each record holder of shares to be redeemed between 30 and 60 days prior to the date fixed for redemption. Each notice shall state:

the redemption date;

the number of shares and series of preferred stock to be redeemed;

the redemption price;

the place or places where the holders of such preferred stock may surrender the certificates for payment of the redemption price;

that dividends on the shares to be redeemed will cease to accrue on the redemption date; and

the date upon which the holder's conversion rights, if any, will terminate.

If we redeem fewer than all shares of any series of preferred stock, we will specify in the notice to each holder the number of shares to be redeemed from such holder. If we have given notice of redemption of any preferred stock and we have set aside the funds necessary for the payment of the redemption price, then beginning on the redemption date, the dividends on the preferred stock called for redemption will no longer accrue, and the holders will no longer have any rights as stockholders except to receive the redemption price.

## **Liquidation Rights**

Unless we state otherwise in the applicable prospectus supplement, if we voluntarily or involuntarily liquidate, dissolve, or wind up our business, the holders of each series of preferred stock will be entitled to receive:

liquidating distributions, if any, in the amount or proportion stated in the applicable prospectus supplement;  
and

all accrued and unpaid dividends, which will not include any accumulation in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend.

We will pay these amounts to the holders of shares of each series of preferred stock, and all amounts owing on any other class or series of our capital stock ranking senior to or equally with such series of preferred stock as to distributions upon liquidation, out of our assets legally available for distribution to our stockholders before we make any distribution or payment to holders of any of our securities ranking junior to such series of preferred stock. After we pay the full amount of the liquidating distributions to the holders of preferred stock to which they are entitled, such holders will have no right or claim to any of our remaining assets.

If we voluntarily or involuntarily liquidate, dissolve or wind up our business and our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of each series of preferred stock and any other shares of our stock ranking senior to or equal with such series as to any such distribution, then we will only make pro rata distributions to the holders of all shares ranking equal as to distributions upon dissolution, liquidation or winding up of our business.

## **Table of Contents**

If we have paid the full liquidation preference to all holders of preferred stock, we will distribute our remaining assets among the holders of any other classes or series of our capital stock ranking junior to the preferred stock upon liquidation, dissolution or winding up of our business, according to their respective rights and preferences. For such purposes, our consolidation with or into any other corporation, trust or entity, or the sale, lease or conveyance of all or substantially all of our property or business, will not be considered a liquidation, dissolution or winding up of our business.

## **Voting Rights**

As a holder of preferred stock, you will not have any voting rights, except as we describe in this section or in the applicable prospectus supplement or as required by law.

Except as provided otherwise for any series of preferred stock, unless we receive the consent of a majority of all the outstanding shares of such series of preferred stock, we will not:

authorize or create, or increase the authorized or issued amount of, any class or series of shares of capital stock ranking senior to such series of preferred stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up of our business;

reclassify any authorized capital stock into such shares of capital stock ranking senior to such series of preferred stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution, or winding up of our business;

create, authorize or issue any obligation or security convertible into or evidencing the right to purchase shares of capital stock ranking senior to such series of preferred stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of our business; or

amend, alter or repeal our certificate of incorporation, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of such series of preferred stock or the holders of that stock.

As a holder of preferred stock, you may give your consent in person or by proxy, either in writing or at a meeting with each series voting separately as a class. We are not required to obtain your consent, as a holder of preferred stock, for the following actions because they will be deemed not to adversely affect any right, preference, or voting power of your series of preferred stock:

if upon the amendment, alteration, or repeal our certificate of incorporation, whether by merger, consolidation or otherwise, your series of preferred stock remains outstanding with its terms materially unchanged, taking into account that, upon the occurrence of such an event, we may not be the surviving entity;

any increase in the amount of the authorized preferred stock, or the creation or issuance of any other series of preferred stock, provided such series of preferred stock ranks equal with or junior to your series of preferred stock; or

any increase in the amount of authorized shares of a series of preferred stock, in each case ranking equal with or junior to the preferred stock of such series with respect to payment of dividends, or the distribution of our assets upon liquidation, dissolution or winding-up of our business.

The foregoing voting provisions will not apply if we redeem or call for redemption all shares of a series of preferred stock outstanding at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected. All outstanding shares of a series of preferred stock will be deemed to have been redeemed or called for redemption provided sufficient funds will have been deposited in trust to effect such redemption.

**Table of Contents**

**Conversion or Exchange Rights**

We will specify in the applicable prospectus supplement the terms and conditions, if any, upon which any series of preferred stock is convertible into common stock or preferred stock of a different series or exchangeable for other securities. Such terms will include:

the number of shares of common stock, preferred stock or other securities to be received on conversion or exchange of each share of such preferred stock;

the conversion or exchange price or rate or method of calculation;

the conversion or exchange period;

whether conversion or exchange is at our option and/or at the option of the holder of preferred stock;

any events resulting in adjustment of the conversion or exchange price or rate; and

rights of conversion or exchange in the event we call for redemption such series of preferred stock.

**Restrictions on Ownership**

For us to qualify as a real estate investment trust under the Code, no more than 50% in value of our outstanding stock may be owned, actually or constructively, by five or fewer individuals during the last half of a taxable year. To assist us in meeting this requirement, we may take actions including the automatic conversion of shares in excess of this ownership restriction into excess stock to limit the ownership of our outstanding equity securities, actually or constructively, by one person or entity. See Limits on Ownership of Boston Properties, Inc. Capital Stock.

**Transfer Agent**

We will name the transfer agent and registrar for the preferred stock in the applicable prospectus supplement.

**Table of Contents**

**DESCRIPTION OF STOCK PURCHASE CONTRACTS OF BOSTON PROPERTIES, INC.**

We may issue stock purchase contracts, including contracts obligating holders to purchase from us and us to sell to the holders, a specified number of shares of common stock, preferred stock or depository shares at a future date or dates. Alternatively, the stock purchase contracts may obligate us to purchase from holders, and obligate holders to sell to us, a specified or varying number of shares of common stock, preferred stock or depository shares. The consideration per share of common stock or preferred stock or per depository share may be fixed at the time the stock purchase contracts are issued or may be determined by a specific reference to a formula set forth in the stock purchase contracts. The stock purchase contracts may provide for settlement by delivery by us or on our behalf of shares of the underlying security, or they may provide for settlement by reference or linkage to the value, performance or trading price of the underlying security. The stock purchase contracts may be issued separately or as part of stock purchase units consisting of a stock purchase contract and debt securities, preferred stock or debt obligations of third parties, including U.S. treasury securities, other stock purchase contracts or common stock, or other securities or property, securing the holders' obligations to purchase or sell, as the case may be, the common stock, preferred stock, depository shares or other security or property under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and such payments may be unsecured or prefunded on some basis and may be paid on a current or on a deferred basis. The stock purchase contracts may require holders to secure their obligations thereunder in a specified manner and may provide for the prepayment of all or part of the consideration payable by holders in connection with the purchase of the underlying security or other property pursuant to the stock purchase contracts.

The securities related to the stock purchase contracts may be pledged to a collateral agent for our benefit pursuant to a pledge agreement to secure the obligations of holders of stock purchase contracts to purchase the underlying security or property under the related stock purchase contracts. The rights of holders of stock purchase contracts to the related pledged securities will be subject to our security interest therein created by the pledge agreement. No holder of stock purchase contracts will be permitted to withdraw the pledged securities related to such stock purchase contracts from the pledge arrangement.



**Table of Contents**

**DESCRIPTION OF DEPOSITARY SHARES OF BOSTON PROPERTIES, INC.**

**General**

We may issue receipts for depositary shares, each of which will represent a fractional interest of a share of a particular series of preferred stock, as specified in the applicable prospectus supplement. The shares of preferred stock of each series represented by depositary shares will be deposited under a separate deposit agreement among Boston Properties, Inc., the depositary named in the deposit agreement, and the holders of the depositary receipts. Immediately following our issuance and delivery of the preferred stock to the depositary, we will cause the depositary to issue, on our behalf, the depositary receipts. Subject to the terms of the applicable depositary agreement, each owner of a depositary receipt will be entitled, in proportion to the fractional interest of a share of a particular series of preferred stock represented by the depositary shares evidenced by the depositary receipts, to all the rights and preferences of preferred stock represented by the depositary shares, including dividend, voting, conversion, redemption and liquidation rights, in each case as designated by our board of directors and described in the applicable prospectus supplement.

The summary of our depositary shares set forth below is not complete. The prospectus supplement relating to any particular securities offered will describe the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. You should refer to the applicable prospectus supplement, provisions of the deposit agreement and the depositary receipts that will be filed with the SEC as part of the offering of any depositary shares. To obtain copies of these documents, see [Where You Can Find More Information](#).

**Distributions**

Whenever the depositary receives any cash dividend or other cash distribution on the applicable series of preferred stock, the depositary will distribute to record holders of the depositary shares such amounts of such dividend or distribution as are, as nearly as practicable, in proportion to the respective numbers of depositary shares held by such holders on the relevant record date, which will be the same date as the record date fixed by us for the applicable series of preferred stock; provided, however, that in case we or the depositary are required to withhold and do withhold from any cash dividend or other cash distribution in respect of the applicable series of preferred stock an amount on account of taxes or as otherwise required by law, regulation or court process, the amount made available for distribution or distributed in respect of depositary shares will be reduced accordingly.

Further, whenever the depositary receives any distribution other than cash, rights, preferences or privileges upon the applicable series of preferred stock, the depositary will distribute to record holders of the depositary shares such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of depositary shares held by such holders on the relevant record date, in any manner that the depositary and we may deem equitable and practicable for accomplishing such distribution. If for any reason the depositary, after consultation with us, deems such distribution not to be feasible, the depositary may, with our approval, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at a public or a private sale) of the securities or property thus received, or any part thereof, at any place or places and upon such terms as it may deem equitable and appropriate, and will distribute the net proceeds from such sale to such holders.

**Withdrawal of Shares**

Any holder of depositary shares representing any number of whole shares of preferred stock may (unless such depositary shares have previously been called for redemption) withdraw the shares of preferred stock and all money

and other property, if any, represented thereby in accordance with the deposit agreement and after paying any unpaid amount due to the depository. Thereafter, without unreasonable delay, the depository shall deliver to such holder or to the person or persons designated by such holder, the number of whole shares of preferred stock and all money and other property, if any, represented by the depository shares so surrendered for withdrawal. Holders of such whole shares of preferred stock will not thereafter be entitled to deposit such shares with the depository or receive depository shares therefor.

## **Table of Contents**

### **Transfer in Trust**

If an event occurs as a result of which the applicable certificate of designations provides that shares of preferred stock are to be automatically transferred to a trust, then (i) immediately prior to such transfer, depositary shares corresponding to such shares of preferred stock shall be automatically transferred to a separate trust and all provisions of the applicable certificate of designations relating to a trust holding shares of preferred stock, the shares of preferred stock so held and the rights and obligations of all other persons with respect to such shares of preferred stock (including any person who, but for such provisions, would beneficially own or constructively own (as such terms are defined in the certificate of incorporation) such shares of preferred stock) shall apply in the same manner to such separate trust holding the depositary shares, the depositary shares so held and the rights and obligations of all other persons with respect to such depositary shares and (ii) such shares of preferred stock shall not be automatically transferred to a trust unless required by the applicable certificate of designations after giving effect to such automatic transfer of the depositary shares to a separate trust.

### **Redemption**

Whenever we elect to redeem shares of preferred stock, the depositary will redeem, as of the same redemption date, the number of depositary shares representing such shares of preferred stock to be so redeemed. The depositary will mail notice of our redemption of the shares of preferred stock and the proposed simultaneous redemption of the depositary shares by first-class mail, postage pre-paid, promptly upon the depositary's receipt of our notice to redeem the shares of preferred stock to the record holders of the depositary shares to be so redeemed. On the date of such redemption, provided that we will then have paid or caused to be paid in full to the depositary the redemption price of the shares of preferred stock to be redeemed, plus an amount equal to all accrued and unpaid dividends (whether or not declared) thereon up to, but excluding the date fixed for redemption, without interest, the depositary shall redeem the number of depositary shares representing such redeemed shares of preferred stock. If fewer than all outstanding depositary shares corresponding to a series of preferred stock are to be redeemed, the depositary shares to be redeemed shall be determined pro rata, by lot, or by other equitable method determined by us. Notwithstanding anything else to the contrary contained therein, no notice shall be required to be provided in the event the depositary shares are redeemed in accordance with the terms of the applicable certificate of designations regarding the preservation of our status as a REIT for United States federal income tax purposes.

Notice having been mailed as set forth in the above paragraph, from and after the date fixed for redemption (unless we have failed to provide the funds necessary to redeem the shares of preferred stock evidenced by the depositary shares called for redemption), (i) dividends on the shares of preferred stock so called for redemption shall cease to accrue from and after such date, (ii) the depositary shares being redeemed shall be deemed no longer to be outstanding, and (iii) all rights of the holders of such depositary shares (except the right to receive the redemption price) shall, to the extent of such depositary shares, terminate. Such depositary shares will be redeemed by the depositary at the established redemption price per depositary share plus a corresponding fraction of all money and other property, if any, represented by such depositary shares, including all amounts paid by us in respect of dividends which on the date fixed for redemption have accrued on the shares of preferred stock to be so redeemed and have not theretofore been paid. Subject to applicable escheat laws, any funds deposited by us with the depositary for any depositary shares that the holders thereof fail to redeem will be returned to us at the end of two years from the date fixed for redemption, after which reversion the holders of such depositary shares so called for redemption shall look to our general funds for the payment of such cash.

### **Voting and Other Rights**

As soon as practicable after receipt of notice of any meeting at which the holders of a series of preferred stock are entitled to vote, the depositary will mail to the record holders of depositary shares corresponding to that series of preferred stock as of the record date for such meeting a notice, which will contain (i) such information as is contained in such notice of

## **Table of Contents**

meeting, (ii) a statement that the holders may, subject to any applicable restrictions, instruct the depositary as to the exercise of the voting rights pertaining to the applicable series of preferred stock represented by their respective depositary shares, and (iii) a brief statement as to the manner in which such instructions may be given. Upon the written request of a holder of depositary shares on such record date, the depositary shall use its best efforts to vote or cause to be voted, in accordance with the instructions set forth in such request, the shares of preferred stock represented by such holders' depositary shares. We will take all action that may be deemed reasonably necessary by the depositary in order to enable the depositary to do so. In the absence of specific instructions from the holder of the depositary shares, the depositary will abstain from voting to the extent of the shares of preferred stock represented by such depositary shares. In addition, to the extent holders of the shares of preferred stock may exercise other rights pursuant to the certificate of incorporation (including the applicable certificate of designations), then, upon the written request of holders of the depositary shares corresponding to such shares of preferred stock, the depositary shall use its best efforts to exercise such rights on behalf of such holders. The requesting holders shall be responsible for any costs, expenses and liabilities associated with the depositary's exercise of any such rights on behalf of such holders, and the depositary will not be required to take any action unless the requesting holders have provided advanced payment or offered to the depositary indemnity satisfactory to the depositary, in its sole discretion, against the costs, expenses and liabilities to be incurred in compliance with such request.

## **Liquidation Preference**

In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, each holder of depositary shares will be entitled to the fraction of the liquidation preference accorded the preferred stock represented by such depositary shares, as set forth in the applicable prospectus supplement

## **Conversion or Exchange of Preferred Stock**

The depositary shares, as such, are not convertible into or exchangeable for common stock or any other securities or property. Nevertheless, if so specified in the applicable prospectus supplement relating to an offering of depositary shares, the depositary shares may be surrendered by holders thereof to the depositary with written instructions to the depositary to instruct us to cause conversion or exchange of the preferred stock represented by the depositary shares into whole common stock, other preferred stock or other securities or property. Upon receipt of such instructions and any amounts payable in respect thereof, we will cause the conversion or exchange thereof utilizing the same procedures as those provided for delivery of preferred stock to effect such conversion or exchange. No fractional shares will be issued upon conversion or exchange. If conversion or exchange will result in a fractional share being issued, we will pay in cash an amount equal to the value of the fractional interest based upon the closing price of the shares on the last business day prior to the conversion or exchange.

## **Amendment and Termination of the Deposit Agreement**

Any provision of the deposit agreement may at any time and from time to time be amended by agreement between us and the depositary in any respect that we and the depositary may deem necessary or desirable; provided, however, that no such amendment (other than any changes in the fees of any depositary or the registrar, which shall go into effect not sooner than three months after notice thereof to the holders of the depositary shares) that materially adversely alters the rights of holders of depositary shares shall be effective unless such amendment shall have been approved by the holders of at least two-thirds of the depositary shares. Notwithstanding the foregoing, in no event may any amendment impair the right of any holder of any depositary shares, upon surrender of such depositary shares and subject to any conditions specified in the deposit agreement, to receive shares of preferred stock and any money or other property represented thereby, except in order to comply with mandatory provisions of applicable law.

The deposit agreement may be terminated by us at any time upon not less than 60 days prior written notice to the depository, in which case, on a date that is not later than 30 days after the date of such notice, the depository will deliver or make available for delivery to holders of depository shares, such number of whole or fractional shares as are represented by such depository shares.

## **Table of Contents**

### **Charges of Depositary**

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the deposit agreement, except such charges as are expressly provided in the deposit agreement to be at the expense of holders of depositary shares.

### **Resignation and Removal of Depositary**

The depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the depositary by delivering to the depositary notice of such removal, any such resignation or removal to take effect upon the appointment of a successor depositary and its acceptance of such appointment. Such successor depositary must be appointed within 60 days after delivery of the notice for resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

### **Restrictions on Ownership**

In order to safeguard us against an inadvertent loss of REIT status, the deposit agreement will contain provisions restricting the ownership and transfer of depositary shares. These restrictions will be described in the applicable prospectus supplement.

### **Miscellaneous**

The depositary will furnish to holders of depositary shares copies of any reports and communications received from us that are received by the depositary as the holder of the shares of preferred stock represented by such deposit shares. The depositary will keep books at the depositary's office (as defined in the deposit agreement) for the registration and registration of transfer, surrender and exchange of depositary shares, which books at all reasonable times will be open for inspection by the record holders of depositary shares; provided that any such holder requesting to exercise such right shall certify to the depositary that such inspection shall be for a proper purpose reasonably related to such person's interest as an owner of depositary shares.

None of the depositary, any depositary's agent (as defined in the deposit agreement), the registrar or us shall incur any liability to any holder of depositary shares, if by reason of any provision of any present or future law, or regulation thereunder, of the United States or any other governmental authority or, in the case of the depositary, any depositary's agent or the registrar, by reason of any provision, present or future, of the certificate of incorporation or the applicable certificate of designations or by reason of any act of war or other circumstance beyond the control of the relevant party, the depositary, any depositary's agent, the registrar or the Company shall be prevented, delayed or forbidden from, or subjected to any penalty on account of, doing or performing any act or thing which the terms of the deposit agreement provide shall be done or performed; nor shall the depositary, any depositary's agent, the registrar or the Company incur liability to any holder of depositary shares (i) by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing that the terms of the deposit agreement shall provide shall or may be done or performed, or (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement except, in the case of any such exercise or failure to exercise discretion not caused as aforesaid, if caused by the gross negligence, willful misconduct or bad faith of the party charged with such exercise or failure to exercise.

**Table of Contents**

**DESCRIPTION OF WARRANTS OF BOSTON PROPERTIES, INC.**

Boston Properties, Inc. may issue warrants for the purchase of Boston Properties, Inc.'s preferred stock or common stock by this prospectus. Warrants may be issued independently, together with any other securities offered by any prospectus supplement or through a dividend or other distribution to the stockholders of Boston Properties, Inc. and may be attached to or separate from such securities. We may issue warrants under a warrant agreement to be entered into between us and a warrant agent. We will name any warrant agent in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants of a particular series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants. In the applicable prospectus supplement, we will describe the terms of the warrants and applicable warrant agreement, including, where applicable, the following:

the title of such warrants;

their aggregate number;

the price or prices at which we will issue them;

the designation, number and terms of the preferred stock or common stock that can be purchased upon exercise of them;

the designation and terms of the other securities, if any, with which such warrants are issued and the number of such warrants issued with each such security;

the date, if any, on and after which they and the related preferred stock or common stock, if any, will be separately transferable;

the price at which each share of preferred stock or common stock that can be purchased upon exercise of such warrants may be purchased;

the date on which the right to exercise them shall commence and the date on which such right shall expire;

the minimum or maximum amount of such warrants which may be exercised at any one time;

information with respect to book-entry procedures, if any;



a discussion of certain federal income tax considerations; and

any other terms of such warrants, including terms, procedures, and limitations relating to the transferability, exchange, and exercise of such warrants.

**Table of Contents**

**LIMITS ON OWNERSHIP OF BOSTON PROPERTIES, INC. CAPITAL STOCK**

The following is a summary of the limits on ownership of Boston Properties, Inc. capital stock contained in Boston Properties, Inc.'s certificate of incorporation that affect Boston Properties, Inc. and its stockholders. The description below is intended as only a summary. You can access complete information by referring to Boston Properties, Inc.'s certificate of incorporation, and the following summary is qualified in its entirety by reference to such document.

**Ownership Limits**

For Boston Properties, Inc. to qualify as a real estate investment trust under the Code, among other things, not more than 50% in value of Boston Properties, Inc. outstanding stock may be owned, actually or constructively, by five or fewer individuals during the last half of a taxable year, and Boston Properties, Inc. outstanding stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. In order to protect Boston Properties, Inc. against the risk of losing its status as a real estate investment trust and to otherwise protect it from the consequences of a concentration of ownership among the stockholders of Boston Properties, Inc., the certificate of incorporation of Boston Properties, Inc. provides that generally no holder may beneficially own more than 6.6% of any class or series of our stock. Under the certificate of incorporation of Boston Properties, Inc., a person generally beneficially owns shares if:

the person has direct ownership of the shares;

the person has indirect ownership of the shares taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code; or

the person would be deemed to beneficially own the shares pursuant to Rule 13d-3 under the Exchange Act. The certificate of incorporation of Boston Properties, Inc. provides two exceptions to the 6.6% ownership limit.

***15% Related Party Ownership Limit***

The certificate of incorporation of Boston Properties, Inc. provides that Mr. Mortimer B. Zuckerman, together with his heirs, legatees and devisees, and any other person who beneficially owns shares of our stock that are also deemed to be beneficially owned by Mr. Zuckerman or his heirs, legatees or devisees, are subject to an aggregate ownership limit with respect to each class or series of our stock of 15%. The heirs, legatees and devisees of Mr. Edward H. Linde, and any other person who beneficially owns shares of our stock that are also deemed to be beneficially owned by Mr. E. Linde's heirs, legatees or devisees, are subject to an aggregate ownership limit with respect to each class or series of our stock of 15%.

***15% Look-Through Entity Ownership Limit***

Trusts described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code, as modified by Section 856(h)(3) of the Code, and entities registered under the Investment Company Act of 1940 are subject to an ownership limit of 15%. These types of entities are among the entities that are not treated as stockholders under the requirement that not more than 50% in value of Boston Properties, Inc. outstanding stock be owned by five or fewer individuals during the last half of a taxable year other than our first year. Rather, the beneficial owners of these

entities will be counted as stockholders for this purpose.

Additionally, the board of directors of Boston Properties, Inc. may, in its sole discretion, waive the foregoing ownership limits if evidence satisfactory to the board of directors is presented that the changes in ownership will not jeopardize Boston Properties, Inc. status as a real estate investment trust and the board of directors otherwise determines that such action is in the best interests of Boston Properties, Inc.

**Table of Contents**

These ownership limitations may have the effect of precluding the acquisition of control of Boston Properties, Inc.

**Shares in Excess of Ownership Limits**

Purported transfers of Boston Properties, Inc. stock or beneficial ownership of Boston Properties, Inc. stock that would result in:

any person violating the ownership limit applicable to that person;

our stock being beneficially owned by fewer than 100 persons;

Boston Properties, Inc. being closely held with the meaning of Section 856(h) of the Code; or

Boston Properties, Inc. constructively owning 10% or more of one of our tenants, shall be null and void and of no effect with respect to the number of shares of stock that would cause such result. These shares will be converted automatically into an equal number of shares of our excess stock that will be transferred by operation of law to a trust for the benefit of a qualified charitable organization selected by Boston Properties, Inc. Additionally, events other than purported transfers that would result in the occurrence of any of the events described above will result in a number of shares of stock sufficient to prevent the occurrence of such event converting into an equal number of shares of Boston Properties, Inc. s excess stock and being transferred to the trust. As soon as practicable after the transfer of shares to the trust, the trustee of the trust will be required to sell the excess stock to a person who could own the shares without violating the applicable limits and distribute to the original transferee-stockholder an amount equal to the lesser of:

the proceeds of the sale; or

the price paid by the original transferee-owner for the shares of Boston Properties, Inc. stock that converted into excess stock in the purported transfer that triggered such conversion or, if the event that triggered the conversion of shares into excess stock was a gift or an event other than a transfer, the market price of the shares of Boston Properties, Inc. stock that converted into excess stock on the date of such event, which will be determined in the manner set forth in the certificate of incorporation of Boston Properties, Inc.

All dividends and other distributions received with respect to the excess stock prior to their sale by the trust and any proceeds from the sale by the trust in excess of the amount distributable to the original transferee-owner will be distributed to the beneficiary of the trust.

The foregoing restrictions will not apply if the board of directors of Boston Properties, Inc. determines that it is no longer in the best interests of Boston Properties, Inc. to attempt to, or to continue to, qualify as a real estate investment trust.

**Right to Purchase Excess Stock**

In addition to the foregoing transfer restrictions, Boston Properties, Inc. has the right, for a period of 90 days during the time any shares of excess stock are held by the trust, to purchase all or any portion of these shares for the lesser of:

the price paid by the original transferee-owner for the shares of Boston Properties, Inc. stock that converted into excess stock in the purported transfer that triggered such conversion or, if the event that triggered the conversion of shares into excess stock was a gift or an event other than a transfer, the market price of the shares of Boston Properties, Inc. stock that converted into excess stock on the date of such event, which will be determined in the manner set forth in the certificate of incorporation of Boston Properties, Inc.; or

**Table of Contents**

the market price of Boston Properties, Inc. stock on the date it exercises its option to purchase, which will be determined in the manner set forth in the certificate of incorporation of Boston Properties, Inc.

The 90-day period begins on the date of the purported transfer or other event that resulted in the conversion of shares into excess stock if the original transferee-stockholder gives notice to Boston Properties, Inc. of such event or, if no notice is given, the date on which the board of directors of Boston Properties, Inc. determines that such event has occurred.

**Disclosure of Stock Ownership by the Stockholders of Boston Properties, Inc.**

Each of the stockholders of Boston Properties, Inc. will be required to disclose to Boston Properties, Inc. upon demand in writing any information Boston Properties, Inc. may request to determine its status as a real estate investment trust and ensure compliance with the ownership limits.

**Table of Contents**

**IMPORTANT PROVISIONS OF DELAWARE LAW, BOSTON PROPERTIES, INC. S CERTIFICATE OF INCORPORATION AND BY-LAWS AND OTHER GOVERNANCE DOCUMENTS**

The following is a summary of important provisions of Delaware law, the certificate of incorporation and by-laws of Boston Properties, Inc. and other governance documents which affect Boston Properties, Inc. and its stockholders. The description below is intended as only a summary and to the extent that it describes the certificate of incorporation and by-laws of Boston Properties, Inc., it is qualified in its entirety by reference to such documents. You can access complete information by referring to Delaware General Corporation Law, the certificate of incorporation and by-laws of Boston Properties, Inc. and the other governance documents referred to in this section.

**Business Combinations with Interested Stockholders under Delaware Law**

Section 203 of the Delaware General Corporation Law prevents a publicly held corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

before the date on which the person became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the person becoming an interested stockholder;

the interested stockholder owned at least 85% of the outstanding voting stock of the corporation at the time the transaction commenced, excluding stock held by directors who are also officers of the corporation and by employee stock plans that do not provide participants with the rights to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

at or after the date on which the person became an interested stockholder, the business combination is approved by the board of directors and the holders of at least two-thirds of the voting stock of the corporation voting at a meeting, excluding the voting stock owned by the interested stockholder.

As defined in Section 203, the term interested stockholder is generally (1) a person who, together with affiliates and associates, owns 15% or more of a corporation s outstanding voting stock or (2) a person who is an affiliate or associate of the corporation and was, together with affiliates and associates, the owner of 15% or more of a corporation s outstanding voting stock within the past three years. As defined in Section 203, a business combination includes mergers, consolidations, stock and assets sales and other transactions with the interested stockholder.

The provisions of Section 203 may have the effect of delaying, deferring or preventing a change of control of Boston Properties, Inc.

**Amendment of the Certificate of Incorporation and By-laws of Boston Properties, Inc.**

Amendments to the certificate of incorporation of Boston Properties, Inc. must be approved by the affirmative vote of more than 75% of the directors then in office and generally by the vote of a majority of the votes entitled to be cast at a meeting of the stockholders of Boston Properties, Inc. However, the affirmative vote of not less than 75% of Boston Properties, Inc. outstanding shares entitled to vote thereon, voting together as a single class, and the affirmative vote of not less than 75% of the outstanding shares of each class entitled to vote thereon, is required for amendments

dealing with fundamental governance provisions of the certificate of incorporation of Boston Properties, Inc., including provisions relating to:

stockholder action;

the powers, election of, removal of and terms of directors;

limitation of liability; and



## **Table of Contents**

amendment of the by-laws or certificate of incorporation of Boston Properties, Inc. Unless otherwise required by law, the board of directors of Boston Properties, Inc. may amend the by-laws of Boston Properties, Inc. by a majority vote of the directors of Boston Properties, Inc. then in office. The by-laws of Boston Properties, Inc. may also be amended at a meeting of stockholders by the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to be cast on such amendment, voting together as a single class, if the board of directors of Boston Properties, Inc. recommends the approval of the amendment. Otherwise the by-laws of Boston Properties, Inc. may be amended at a meeting of stockholders by the affirmative vote of at least 75% of the outstanding shares of capital stock entitled to vote on such amendment, voting together as a single class.

## **Meetings of Stockholders**

Under the by-laws of Boston Properties, Inc., Boston Properties, Inc. will hold annual meetings of its stockholders at a date and time as determined by the board of directors, Chairman, Chief Executive Officer or President of Boston Properties, Inc. The by-laws of Boston Properties, Inc. require advance notice for the stockholders of Boston Properties, Inc. to make nominations of candidates for the board of directors of Boston Properties, Inc. or bring other business before an annual meeting of the stockholders of Boston Properties, Inc. Only the board of directors of Boston Properties, Inc. can call special meetings of the stockholders of Boston Properties, Inc. and any special meeting is restricted to considering and acting upon matters set forth in the notice of that special meeting.

## **Board of Directors**

Each director of Boston Properties, Inc. holds office for a one-year term expiring at the next succeeding annual meeting of stockholders, or until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

The certificate of incorporation of Boston Properties, Inc. provides that the affirmative vote of more than 75% of the directors then in office is required to approve fundamental transactions or actions, including:

a change of control of Boston Properties, Inc. or of Boston Properties Limited Partnership;

any amendment to the limited partnership agreement of Boston Properties Limited Partnership;

any waiver of the limitations on ownership contained in the certificate of incorporation of Boston Properties, Inc.;

any merger, consolidation or sale of all or substantially all of the assets of Boston Properties, Inc. or of Boston Properties Limited Partnership;

certain issuances of equity securities by Boston Properties, Inc. (but not including, among others, underwritten public offerings);

Boston Properties, Inc. or Boston Properties Limited Partnership making a general assignment for the benefit of creditors or instituting any proceedings in bankruptcy or for the liquidation, dissolution, reorganization or winding up of either entity or consenting to the taking of any of these actions against either entity;

any amendment of the certificate of incorporation of Boston Properties, Inc.;

Boston Properties, Inc. conducting business other than through Boston Properties Limited Partnership or for either of them to engage in any business other than the ownership, construction, development, management and operation of commercial real estate properties; and

## **Table of Contents**

termination of Boston Properties, Inc.'s status as a REIT.

### **Shareholder Rights Plan and Ownership Limitations**

We have adopted a shareholder rights agreement. In addition, our certificate of incorporation contains provisions that limit the ownership by any person of shares of any class or series of our capital stock. See Description of Common Stock of Boston Properties, Inc. Shareholder Rights Plan beginning on page 32 and Limits on Ownership of Boston Properties, Inc. Capital Stock beginning on page 47.

### **Limitation of Directors and Officers Liability**

The certificate of incorporation of Boston Properties, Inc. contains a provision permitted by the Delaware General Corporation Law that generally eliminates the personal liability of directors for monetary damages for breaches of their fiduciary duty, including breaches involving negligence or gross negligence in business combinations, unless the director has breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or a knowing violation of law, paid a dividend or approved a stock repurchase in violation of the Delaware General Corporation Law or obtained an improper personal benefit. This provision also provides that if the Delaware General Corporation Law is amended in the future to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of Boston Properties, Inc. shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. This provision does not alter a director's liability under the federal securities laws. In addition, this provision does not affect the availability of equitable remedies, including an injunction or rescission, for breach of fiduciary duty.

The Delaware General Corporation Law permits a corporation to indemnify its directors, officers, employees or agents and expressly provides that the indemnification provided for under the Delaware General Corporation Law shall not be deemed exclusive of any indemnification right under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. The Delaware General Corporation Law permits indemnification against expenses and certain other liabilities arising out of legal actions brought or threatened against these persons for their conduct on behalf of a corporation, provided that each such person acted in good faith and in a manner that he or she reasonably believed was in or not opposed to the corporation's best interests and, in the case of a criminal proceeding, provided each person had no reasonable cause to believe his or her conduct was unlawful. The Delaware General Corporation Law does not allow indemnification of directors in the case of an action by or in the right of a corporation unless the directors successfully defend the action or indemnification is ordered by the court.

The by-laws of Boston Properties, Inc. provide that its directors and officers will be, and, in the discretion of the board of directors of Boston Properties, Inc., non-officer employees may be, indemnified to the fullest extent authorized by the Delaware General Corporation Law, as it now exists or may in the future be amended, against all expenses and liabilities actually and reasonably incurred in connection with service for or on behalf of our company. The by-laws of Boston Properties, Inc. also provide that the right of directors and officers to indemnification shall be a contract right and shall not be exclusive of any other right now possessed or hereafter acquired under any by-law, agreement, vote of stockholders, or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling Boston Properties, Inc. or Boston Properties Limited Partnership pursuant to the foregoing provisions, Boston Properties, Inc. and Boston Properties Limited Partnership have been informed that in the opinion of the staff of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### **Indemnification Agreements**

Boston Properties, Inc. and Boston Properties Limited Partnership have entered into indemnification agreements with each of the directors and some of the officers of Boston Properties, Inc. The indemnification agreements require, among other things, that Boston Properties, Inc. and Boston Properties Limited Partnership indemnify the directors and officers of Boston Properties, Inc. to the fullest extent permitted by law and advance to the directors and officers of Boston Properties, Inc. all related expenses, subject to reimbursement if it is

## **Table of Contents**

subsequently determined that indemnification is not permitted. Under these agreements, Boston Properties, Inc. and Boston Properties Limited Partnership must also indemnify and advance all expenses incurred by the directors and officers of Boston Properties, Inc. seeking to enforce their rights under the indemnification agreements and may cover the directors and officers of Boston Properties, Inc. under their directors and officers liability insurance. Although the form of indemnification agreement offers substantially the same scope of coverage afforded by law, it provides greater assurance to the directors and officers of Boston Properties, Inc. that indemnification will be available, because, as a contract, it cannot be modified unilaterally in the future by the Board of Directors or stockholders to eliminate the rights it provides.

### **Boston Properties Limited Partnership Agreement**

Boston Properties, Inc. has agreed in the limited partnership agreement of Boston Properties Limited Partnership not to engage in specified extraordinary transactions, including, among others, business combinations, unless limited partners of Boston Properties Limited Partnership, other than Boston Properties, Inc., receive, or have the opportunity to receive, either (1) the same consideration for their partnership interests as holders of Boston Properties, Inc. common stock in the transaction or (2) limited partnership units that, among other things, would entitle the holders, upon redemption of these units, to receive shares of common equity of a publicly traded company or the same consideration as holders of the common stock of Boston Properties, Inc. received in the transaction. If these limited partners would not receive such consideration, Boston Properties, Inc. cannot engage in the transaction unless limited partners holding at least 75% of the common units of limited partnership interest, other than those held by Boston Properties, Inc. or its affiliates, consent to the transaction. In addition, Boston Properties, Inc. has agreed in the limited partnership agreement of Boston Properties Limited Partnership that Boston Properties, Inc. will not complete business combinations in which Boston Properties, Inc. receives the approval of its common stockholders unless either (1) limited partners holding at least 75% of the common units of limited partnership interest, other than those held by Boston Properties, Inc. or its affiliates, consent to the transaction or (2) the limited partners of Boston Properties Limited Partnership are also allowed to vote and the transaction would have been approved had these limited partners been able to vote as common stockholders on the transaction. Therefore, if the common stockholders of Boston Properties, Inc. approve a specified extraordinary transaction, the partnership agreement requires the following before Boston Properties, Inc. can complete the transaction:

holders of partnership interests in Boston Properties Limited Partnership, including Boston Properties, Inc., must vote on the matter;

Boston Properties, Inc. must vote all of its partnership interests in the same proportion as the stockholders of Boston Properties, Inc. voted on the transaction; and

the result of the vote of holders of partnership interests in Boston Properties Limited Partnership must be such that had such vote been a vote of stockholders, the transaction would have been approved.

The limited partnership agreement of Boston Properties Limited Partnership also generally provides that Boston Properties, Inc., as general partner of Boston Properties Limited Partnership, will incur no liability to Boston Properties Limited Partnership or any limited partner for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if Boston Properties, Inc. acted in good faith. In addition, Boston Properties, Inc. is not responsible for any misconduct or negligence on the part of its agents, provided Boston Properties, Inc. appointed such agents in good faith. Boston Properties, Inc. may consult with legal counsel, accountants, appraisers,

management consultants, investment bankers and other consultants and advisors, and any act taken or omitted to be taken in reliance upon the opinion of such persons, as to matters that Boston Properties, Inc. reasonably believes to be within their professional or expert competence, shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

The limited partnership agreement of Boston Properties Limited Partnership also provides for indemnification, to the fullest extent permitted by Delaware law, of Boston Properties, Inc., the directors and officers of Boston Properties, Inc., and such other persons as Boston Properties, Inc. may from time to time designate against any liabilities, expenses and other amounts arising from any claim or proceeding that relates to the operations of Boston Properties Limited Partnership or Boston Properties, Inc. as set forth in the limited partnership agreement of Boston Properties Limited Partnership in which such indemnified person is involved, or is threatened to be involved, as a

**Table of Contents**

party or otherwise, unless it is established that: (1) the act or omission of the indemnified person was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (2) the indemnified person actually received an improper personal benefit in money, property or services; or (3) in the case of any criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Under the limited partnership agreement, Boston Properties Limited Partnership generally must also advance all reasonable expenses incurred by an indemnified person who is a party to proceeding in advance of the final disposition of the proceeding.

Table of Contents

**UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain material United States federal income tax consequences relating to the purchase, ownership and disposition of common stock, preferred stock and debt securities of Boston Properties, Inc. and debt securities of Boston Properties Limited Partnership, and the qualification and taxation of Boston Properties, Inc. as a REIT.

Because this is a summary that is intended to address only certain material United States federal income tax consequences relating to the ownership and disposition of debt securities, common stock and preferred stock generally applicable to holders, it may not contain all the information that may be important to you. As you review this discussion, you should keep in mind that:

the tax consequences to you may vary depending on your particular tax situation;

special rules that are not discussed below may apply to you if, for example, you are a tax-exempt organization, a broker-dealer, a trust, an estate, a regulated investment company, a financial institution, an insurance company, a person who holds 10% or more (by vote or value) of our stock, or are otherwise subject to special tax treatment under the Code;

this summary does not address state, local, non-U.S., alternative minimum, or estate tax considerations; and

this discussion is not intended to be, and should not be construed as, tax advice.

**You are urged both to review the following discussion and to consult with your own tax advisor to determine the effect of ownership and disposition of the debt securities, the common stock and the preferred stock on your individual tax situation, including any state, local, or non-U.S. tax consequences.**

The information in this section is based on the current Code, current, temporary and proposed Treasury regulations, the legislative history of the Code, current administrative interpretations and practices of the Internal Revenue Service, or IRS, including its practices and policies as endorsed in private letter rulings, which are not binding on the IRS except in the case of the taxpayer to whom a private letter ruling is addressed, and existing court decisions. Future legislation, regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. We have not obtained any rulings from the IRS concerning the tax treatment of the matters discussed below. Thus, it is possible that the IRS could challenge the statements in this discussion which do not bind the IRS or the courts, and that a court could agree with the IRS.

**Classification and Taxation of Boston Properties, Inc. as a REIT**

For purposes of this discussion, references to we, us or our, and any similar terms, refer to Boston Properties, Inc. We have elected to be taxed as a REIT under the Code. A REIT generally is not subject to federal income tax on the income that it distributes to stockholders if it meets the applicable REIT distribution requirements and other requirements for qualification.



We believe that we are organized and have operated in such a manner so as to qualify as a REIT, but there can be no assurance that we have qualified or will remain qualified as a REIT. In the opinion of our tax counsel, Goodwin Procter LLP, based upon and subject to the various assumptions and on our representations concerning our organization and operations, commencing with the taxable year ended December 31, 1997, our form of organization and operations are such as to enable us to qualify as a real estate investment trust under the applicable provisions of the Code. It must be emphasized that the opinion of Goodwin Procter LLP is based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, and that we will at all times operate in accordance with the method of operation described in our organizational documents and this prospectus, and is conditioned upon factual representations and covenants made by our management and affiliated entities regarding our

**Table of Contents**

organization, assets, and past, present and future conduct of our business operations, and assumes that such representations and covenants are accurate and complete and that we will take no action inconsistent with our status as a REIT. While we believe that we are organized and have operated and intend to continue to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by Goodwin Procter LLP or us that we have so qualified or will so qualify for any particular year. Goodwin Procter LLP will have no obligation to advise us or the holders of Boston Properties, Inc. common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by Goodwin Procter LLP. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

So long as we qualify for taxation as a REIT, we generally will not be subject to federal corporate income tax on our net income that we distribute to our stockholders within certain time periods. This treatment substantially eliminates double taxation (that is, taxation at both the corporate and stockholder levels) that generally results from an investment in a regular corporation. However, we will be subject to federal income tax as follows:

We will be taxed at regular corporate rates on any undistributed REIT taxable income. REIT taxable income is the taxable income of the REIT subject to specified adjustments, including a deduction for dividends paid;

Under some circumstances, we may be subject to the alternative minimum tax on our items of tax preference;

If we have net income from the sale or other disposition of foreclosure property that is held primarily for sale to customers in the ordinary course of business (including certain foreign currency gain attributable thereto recognized after July 30, 2008), or other nonqualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on this income;

If we have net income from prohibited transactions (including certain foreign currency gain attributable thereto recognized after July 30, 2008) we will be subject to a 100% tax on this income. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property;

If we fail to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met,

we will be subject to a tax equal to the gross income attributable to the greater of either (1) the amount by which we fail the 75% gross income test for the taxable year or (2) the amount by which we fail the 95% gross income test for the taxable year, multiplied by a fraction intended to reflect our profitability;

If we fail to satisfy any of the REIT asset tests, as described below, other than a failure by a de minimis amount of the 5% or 10% assets tests, as described below, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of \$50,000 or the product of (x) the net income generated by the nonqualifying assets during the period in which we failed to satisfy the asset tests and (y) the highest U.S. federal income tax rate then applicable to U.S. corporations;

**Table of Contents**

If we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a gross income or asset test requirement) and that violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification, but we will be required to pay a penalty of \$50,000 for each such failure;

We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders, as described below in Requirements for Qualification as a REIT;

We will be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of amounts actually distributed and amounts retained for which federal income tax was paid, if we fail to distribute during each calendar year at least the sum of 85% of our REIT ordinary income for the year, 95% of our REIT capital gain net income for the year; and any undistributed taxable income from prior taxable years;

We will be subject to a 100% penalty tax on some payments we receive (or on certain expenses deducted by a taxable REIT subsidiary of ours) if arrangements among us, our tenants, and/or our taxable REIT subsidiaries are not comparable to similar arrangements among unrelated parties;

If we acquire any asset from a C corporation in a carry-over basis transaction and we subsequently recognize gain on the disposition of such asset during the recognition period beginning on the date on which we acquired the asset (which period varies depending on the date the asset is acquired, but is generally ten years), then, to the extent of any built-in gain, such gain will be subject to tax at the highest regular corporate tax rate. Built-in gain means the excess of (1) the fair market value of the asset as of the beginning of the applicable recognition period over (2) the adjusted basis in such asset as of the beginning of such recognition period;

We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would: (1) include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, (2) be deemed to have paid the tax that we paid on such gain and (3) be allowed a credit for its proportionate share of the tax deemed to have been paid with an adjustment made to increase the stockholders' basis in our stock; and

We may have subsidiaries or own interests in other lower-tier entities that are C corporations that will jointly elect, with us, to be treated as a taxable REIT subsidiary, the earnings of which would be subject to U.S. federal corporate income tax.

No assurance can be given that the amount of any such federal income taxes will not be substantial. In addition, we and our subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including payroll taxes and state, local, and foreign income, franchise, property and other taxes on assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

***Requirements for Qualification as a REIT***

We elected to be taxable as a REIT for United States federal income tax purposes for our taxable year ended December 31, 1997. In order to have so qualified, we must have met and continue to meet the requirements discussed below, relating to our organization, sources of income, nature of assets and distributions of income to stockholders.

The Code defines a REIT as a corporation, trust, or association:

- (1) which is managed by one or more trustees or directors;

**Table of Contents**

- (2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- (3) which would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;
- (4) which is neither a financial institution nor an insurance company subject to applicable provisions of the Code;
- (5) the beneficial ownership of which is held by 100 or more persons;
- (6) during the last half of each taxable year not more than 50% in value of the outstanding shares of which is owned directly or indirectly by five or fewer individuals, as defined in the Code to include specified entities;
- (7) which makes an election to be taxable as a REIT, or has made this election for a previous taxable year which has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status;
- (8) which uses a calendar year for United States federal income tax purposes and complies with the recordkeeping requirements of the Code and regulations promulgated thereunder; and
- (9) which meets other applicable tests, described below, regarding the nature of its income and assets and the amount of its distributions.

Conditions (1), (2), (3), and (4) above must be met during the entire taxable year and condition (5) above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. For purposes of determining stock ownership under condition (6) above, a supplemental unemployment compensation benefits plan, a private foundation, and a portion of a trust permanently set aside or used exclusively for charitable purposes generally are each considered an individual. A trust that is a qualified trust under Code Section 401(a) generally is not considered an individual, and beneficiaries of a qualified trust are treated as holding shares of a REIT in proportion to their actuarial interests in the trust for purposes of condition (6) above.

To qualify as a REIT, we also cannot have at the end of any taxable year any undistributed earnings and profits that are attributable to a non-REIT taxable year. We do not believe that we have any non-REIT earnings and profits and believe that we therefore satisfy this requirement.

***Protection from Stock Concentration***

In order to protect us from a concentration of ownership of stock that would cause us to fail conditions (5) or (6) above, our charter provides that stock owned, or deemed to be owned or transferred to a stockholder in excess of specified ownership limits will be converted automatically into Excess Stock (as defined below) and transferred to a charity for resale and that certain transfers of our stock shall be void *ab initio*. The original stockholder is entitled to receive certain proceeds from such a resale. Excess Stock is a separate class of our capital stock that is entitled to no

voting rights but shares ratably with the common stock in dividends and rights upon dissolution. Because of the absence of authority on this issue, however, we cannot assure you that the operation of the Excess Stock or other provisions contained in our charter will, as a matter of law, prevent a violation of the share ownership requirements in conditions (5) and (6) above. If there were such a share ownership violation and the operation of the Excess Stock or other provisions contained in our charter were not held to cure such violation, we may be disqualified as a REIT. In rendering its opinion that we are organized in a manner that permits us to qualify as a REIT, Goodwin Procter LLP is relying on our representation that the ownership of our stock (without regard to the Excess Stock provisions) satisfies condition (6) above. Goodwin Procter LLP expresses no opinion as to whether, as a matter of law, the Excess Stock or other provisions contained in our charter preclude us from failing conditions (5) or (6) above.

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**Table of Contents**

To monitor its compliance with condition (6) above, a REIT is required to send annual letters to certain stockholders requesting information regarding the actual ownership of its shares. If we comply with the annual letters requirement and we do not know or, exercising reasonable diligence, would not have known of our failure to meet condition (6) above, then we will be treated as having met condition (6) above. A list of those persons failing or refusing to comply with this demand must be maintained as part of our records. Failure by us to comply with these record-keeping requirements could subject us to monetary penalties. A stockholder that fails or refuses to comply with the demand is required by Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of the shares and other information.

***Qualified REIT Subsidiaries***

If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary, the separate existence of that subsidiary will be disregarded for United States federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a taxable REIT subsidiary (discussed below), all of the stock of which is owned by the REIT. All assets, liabilities, and items of income, deduction, and credit of the qualified REIT subsidiary will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of ours will not be subject to federal corporate income taxation, although it may be subject to state and local taxation in some states.

***Taxable REIT Subsidiaries***

A taxable REIT subsidiary of ours is a corporation in which we directly or indirectly own stock and that jointly elects with us to be treated as a taxable REIT subsidiary under Section 856(l) of the Code. In addition, if one of our taxable REIT subsidiaries owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a taxable REIT subsidiary of ours. A taxable REIT subsidiary is a corporation subject to United States federal income tax, and state and local income tax where applicable, as a regular C corporation.

Generally, a taxable REIT subsidiary can perform some impermissible tenant services without causing us to receive impermissible tenant services income under the REIT income tests. However, several provisions regarding the arrangements between a REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of United States federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments in excess of a certain amount made to us. In addition, we will be obligated to pay a 100% penalty tax on some payments that we receive or on certain expenses deducted by the taxable REIT subsidiary if the economic arrangements among us, our tenants, and/or the taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties. A taxable REIT subsidiary may also engage in other activities that, if conducted by us other than through a taxable REIT subsidiary, could result in the receipt of non-qualified income or the ownership of non-qualified assets.

***Ownership of Partnership Interests by a REIT***

A REIT that is a partner in a partnership will be deemed to own its proportionate share of the assets of the partnership and will be deemed to earn its proportionate share of the partnership's income. The assets and gross income of the partnership retain the same character in the hands of the REIT for purposes of the gross income and asset tests applicable to REITs as described below. Thus, Boston Properties, Inc.'s proportionate share of the assets and items of income of Boston Properties Limited Partnership, including Boston Properties Limited Partnership's share of the assets and liabilities and items of income with respect to any partnership in which it holds an interest, will be treated as Boston Properties, Inc.'s assets and liabilities and its items of income for purposes of applying the requirements described in this prospectus. Boston Properties, Inc. has control over Boston Properties Limited Partnership and



substantially all of the partnerships and limited liability company subsidiaries of Boston Properties Limited Partnership and intends to operate them in a manner that is consistent with the requirements for the qualification of Boston Properties, Inc. as a REIT.

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**Table of Contents*****Income Tests Applicable to REITs***

To qualify as a REIT, we must satisfy two gross income tests. First, at least 75% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property, including rents from real property, gains on the disposition of real estate, dividends paid by another REIT, and interest on obligations secured by mortgages on real property or on interests in real property, or from some types of temporary investments. Second, at least 95% of our gross income for each taxable year, excluding gross income from prohibited transactions must be derived from any combination of income qualifying under the 75% test and dividends, interest and gain from the sale or disposition of stock or securities.

Income and gain from certain hedging transactions entered into after July 30, 2008 will not constitute gross income for purposes of both the 75% and 95% gross income tests. See Hedging Transactions. In addition, certain foreign currency gains recognized after July 30, 2008 will be excluded from gross income for purposes of one or both of the gross income tests.

Rents we receive will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents received from a related party tenant will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a taxable REIT subsidiary and either (i) at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space, or (ii) the property leased is a qualified lodging facility, as defined in Section 856(d)(9)(D) of the Code, or a qualified health care property, as defined in Section 856(e)(6)(D)(i), and certain other conditions are satisfied. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.

Generally, for rents to qualify as rents from real property for the purpose of satisfying the gross income tests, we may provide directly only an insignificant amount of services, unless those services are usually or customarily rendered in connection with the rental of real property and not otherwise considered rendered to the occupant. Accordingly, we may not provide impermissible services to tenants (except through an independent contractor from whom we derive no revenue and that meets other requirements or through a taxable REIT subsidiary) without giving rise to impermissible tenant service income. Impermissible tenant service income is deemed to be at least 150% of the direct cost to us of providing the service. If the impermissible tenant service income exceeds 1% of our total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant service income from a property does not exceed 1% of our total income from the property, the services will not disqualify any other income from the property that qualifies as rents from real property, but the impermissible tenant service income will not qualify as rents from real property.

We have not charged, and do not anticipate charging, significant rent that is based in whole or in part on the income or profits of any person. We have not derived, and do not anticipate deriving, significant rents from related party tenants. We have not derived, and do not anticipate deriving, rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents from that property. We have not derived, and do not anticipate deriving, impermissible tenant service income that exceeds 1% of our total income from any property if the treatment

of the rents from such property as nonqualified rents could cause us to fail to qualify as a REIT.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under the Code. These relief provisions generally will be available if our failure to meet the tests is due to reasonable cause and not due to willful neglect, we attached a schedule of the sources of our income to our federal income tax return, and any incorrect information on the schedule is not due to fraud with intent to evade tax. It is not possible, however, to state whether in all

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**Table of Contents**

circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally incur unexpectedly exceeds the limits on nonqualifying income, the IRS could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances involving us, we will fail to qualify as a REIT. As discussed under *Classification and Taxation of Boston Properties, Inc. as a REIT*, even if these relief provisions apply, a tax would be imposed based on the amount of nonqualifying income.

***Asset Tests Applicable to REITs***

At the close of each quarter of our taxable year, we must satisfy four tests relating to the nature of our assets:

- (1) at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. Real estate assets include, for this purpose, stock or debt instruments held for less than one year purchased with the proceeds of an offering of shares of our stock or certain debt;
- (2) not more than 25% of our total assets may be represented by securities other than those in the 75% asset class;
- (3) except for equity investments in REITs, qualified REIT subsidiaries, other securities that qualify as real estate assets for purposes of the test described in clause (1) or securities of our taxable REIT subsidiaries: the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets; we may not own more than 10% of any one issuer's outstanding voting securities; and we may not own more than 10% of the value of the outstanding securities of any one issuer; and
- (4) not more than 25% of our total assets may be represented by securities of one or more taxable REIT subsidiaries.

Securities for purposes of the asset tests may include debt securities. However, the 10% value test does not apply to certain straight debt and other excluded securities, as described in the Code including, but not limited to, any loan to an individual or estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, (a) a REIT's interest as a partner in a partnership is not considered a security for purposes of applying the 10% value test to securities issued by the partnership; (b) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership's gross income is derived from sources that would qualify for the 75% REIT gross income test; and (c) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership to the extent of the REIT's interest as a partner in the partnership. In general, straight debt is defined as a written, unconditional promise to pay on demand or at a specific date a fixed principal amount, and the interest rate and payment dates on the debt must not be contingent on profits or the discretion of the debtor. In addition, straight debt may not contain a convertibility feature.

With respect to each issuer in which we currently own an interest that does not qualify as a REIT, a qualified REIT subsidiary, or a taxable REIT subsidiary, we believe that our pro rata share of the value of the securities, including debt, of any such issuer does not exceed 5% of the total value of our assets and that we comply with the 10% voting securities limitation and 10% value limitation with respect to each such issuer. In this regard, however, we cannot

provide any assurance that the IRS might not disagree with our determinations. In addition, the securities that we own in our taxable REIT subsidiaries do not, in the aggregate, exceed 25% of the total value of our assets.

After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT if we fail to satisfy the 25% and 5% asset tests and the 10% value limitation at the end of a later quarter solely by reason of changes in the relative values of our assets (including changes in relative values as a result of fluctuations in foreign currency exchange rates). If the failure to satisfy the 25% or 5% asset tests or the 10% value limitation

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**Table of Contents**

results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available actions within 30 days after the close of any quarter as may be required to cure any noncompliance with the 25% or 5% asset tests or 10% value limitation. If we fail the 5% asset test or the 10% asset test at the end of any quarter, and such failure is not cured within 30 days thereafter, we may dispose of sufficient assets or otherwise satisfy the requirements of such asset tests within six months after the last day of the quarter in which our identification of the failure to satisfy those asset tests occurred to cure the violation, provided that the non-permitted assets do not exceed the lesser of 1% of the total value of our assets at the end of the relevant quarter or \$10,000,000. If we fail any of the other asset tests, or our failure of the 5% and 10% asset tests is in excess of this amount, as long as the failure was due to reasonable cause and not willful neglect and, following our identification of the failure, we filed a schedule in accordance with the Treasury Regulations describing each asset that caused the failure, we are permitted to avoid disqualification as a REIT, after the thirty-day cure period, by taking steps to satisfy the requirements of the applicable asset test within six months after the last day of the quarter in which our identification of the failure to satisfy the REIT asset test occurred, including the disposition of sufficient assets to meet the asset tests and paying a tax equal to the greater of \$50,000 or the product of (x) the net income generated by the nonqualifying assets during the period in which we failed to satisfy the relevant asset test and (y) the highest U.S. federal income tax rate then applicable to U.S. corporations.

***Annual Distribution Requirements Applicable to REITs***

To qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders each year in an amount at least equal to (1) the sum of (a) 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain and (b) 90% of the net income, after tax, from foreclosure property, minus (2) the sum of certain specified items of noncash income. In addition, if we recognize any built-in gain, we will be required, under Treasury regulations, to distribute at least 90% of the built-in gain, after tax, recognized on the disposition of the applicable asset. See *Classification and Taxation of Boston Properties, Inc. as a REIT* for a discussion of the possible recognition of built-in gain. These distributions must be paid either in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the prior year and if paid with or before the first regular dividend payment date after the declaration is made.

We believe that we have made and intend to continue to make timely distributions sufficient to satisfy the annual distribution requirements.

We anticipate that we will generally have sufficient cash or liquid assets to enable us to satisfy the 90% distribution requirement and to distribute such greater amount as may be necessary to avoid income and excise taxation. It is possible, however, that we, from time to time, may not have sufficient cash or other liquid assets to do so due to timing differences between (a) the actual receipt of income and the actual payment of deductible expenses and (b) the inclusion of such income and the deduction of such expenses in arriving at our taxable income, or as a result of nondeductible expenses such as principal amortization, repayment of debt or capital expenditures in excess of noncash deductions such as depreciation. In the event that such timing differences occur, we may find it necessary to arrange for borrowings or, if possible, pay taxable stock dividends in order to meet the dividend requirement and/or to avoid income and excise taxation.

Under some circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying dividends to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. We will refer to such dividends as *deficiency dividends*. Thus, we may be able to avoid being taxed on amounts distributed as *deficiency dividends*. We will, however, be required to pay interest based upon the amount of any deduction taken for *deficiency dividends*.

To the extent that we do not distribute (and are not deemed to have distributed) all of our net capital gain or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we are subject to tax on these retained amounts at regular corporate tax rates.

## **Table of Contents**

We will be subject to a 4% excise tax on the excess of the required distribution over the sum of amounts actually distributed and amounts retained for which federal income tax was paid, if we fail to distribute during each calendar year at least the sum of:

- (1) 85% of our REIT ordinary income for the year;
- (2) 95% of our REIT capital gain net income for the year; and
- (3) any undistributed taxable income from prior taxable years.

A REIT may elect to retain rather than distribute all or a portion of its net capital gains and pay the tax on the gains. In that case, a REIT may elect to have its stockholders include their proportionate share of the undistributed net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by the REIT. For purposes of the 4% excise tax described above, any retained amounts would be treated as having been distributed.

## ***Prohibited Transactions***

Net income derived from prohibited transactions (including certain foreign currency gain recognized after July 30, 2008) is subject to a 100% tax. The term prohibited transactions generally includes a sale or other disposition of property (other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business. Whether property is held primarily for sale to customers in the ordinary course of a trade or business depends on the specific facts and circumstances. The Code provides a safe harbor pursuant to which sales of properties held for at least two years and meeting certain additional requirements will not be treated as prohibited transactions, but compliance with the safe harbor may not always be practical. Moreover the character of REIT dividends attributable to gain from assets that comply with the foregoing safe harbor as ordinary income or capital gain must still be determined pursuant to the specific facts and circumstances. We intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of owning and operating properties and to make sales of properties that are consistent with our investment objectives, however, no assurance can be given that any particular property in which we hold a direct or indirect interest will not be treated as property held for sale to customers, or that the safe-harbor provisions will apply.

## ***Foreclosure Property***

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes an election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate on any net income from foreclosure property, including any gain from the disposition of the foreclosure property and certain foreign currency gain attributable to foreclosure property recognized after July 30, 2008, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property is held primarily for sale to customers in the ordinary course of a trade or business.



***Hedging Transactions***

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury Regulations, any income from a hedging transaction (i) made in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be

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**Table of Contents**

made, or ordinary obligations incurred or to be incurred by us to acquire or own real estate assets or (ii) entered into after July 30, 2008 primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests (or any property which generates such income or gain), which is clearly identified as such before the close of the day on which it was acquired, originated or entered into, including gain from the disposition of such a transaction, will not constitute gross income for purposes of the 95% gross income test and, in respect of hedges entered into after July 30, 2008, the 75% gross income test. To the extent we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both the 75% and 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our ability to qualify as a REIT.

***Boston Properties Limited Partnership's Classification as a Partnership may be affected by Proposed Legislation***

Congress is considering, and the Obama administration has indicated its support for, legislative proposals to treat all or part of certain income allocated to a partner by a partnership in respect of certain services provided to or for the benefit of the partnership (carried interest revenue) as ordinary income for U.S. federal income tax purposes. Carried interest revenue could include the promoted interest, or additional share of profits, sometimes granted to us in respect of joint ventures and private investment funds that we manage or control. Under the proposed legislation, carried interest revenue could be treated as non-qualifying income for purposes of the qualifying income exception to the publicly-traded partnership rules. Although the proposed legislation provides an exception for certain partnerships if 50% or more of its interests are owned by a REIT, it is not clear whether that exception would apply to Boston Properties Limited Partnership. Furthermore, it is not clear what form any final legislation may take. If a final bill is enacted that treats carried interest revenue as non-qualifying income for purposes of the qualifying income exception, this could result in Boston Properties Limited Partnership being taxable as a corporation for U.S. federal income tax purposes if interests in Boston Properties Limited Partnership are treated as publicly traded and if the amount of any such carried interest revenue plus any other non-qualifying income earned by Boston Properties Limited Partnership exceeds 10% of its gross income in any taxable year.

***Failure of Boston Properties, Inc. to Qualify as a REIT***

In the event we violate a provision of the Code that would result in our failure to qualify as a REIT, specified relief provisions will be available to us to avoid such disqualification if (1) the violation is due to reasonable cause and not willful neglect, (2) we pay a penalty of \$50,000 for each failure to satisfy the provision and (3) the violation does not include a violation under the gross income or asset tests described above (for which other specified relief provisions are available). This cure provision reduces the instances that could lead to our disqualification as a REIT for violations due to reasonable cause. If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions of the Code do not apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to our stockholders in any year in which we are not a REIT will not be deductible by us, nor will they be required to be made. In this situation, to the extent of current and accumulated earnings and profits, and, subject to limitations of the Code, distributions to our stockholders will generally be taxable to stockholders who are individual U.S. stockholders at a preferential rate, and dividends received by our corporate U.S. stockholders may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following a year during which qualification was lost. It is not possible to state whether, in all circumstances, we will be entitled to this statutory relief.

**Taxation of Stockholders and Potential Tax Consequences of Their Investment in Shares of Common Stock or Preferred Stock**

***Taxation of Taxable U.S. Stockholders***

The term "U.S. stockholder" means a holder of shares of our common stock or preferred stock who, for United States federal income tax purposes, is:

a citizen or resident of the United States;

**Table of Contents**

a corporation (including an entity treated as a corporation for United States federal income tax purposes) created or organized under the laws of the United States or of a political subdivision of the United States;

an estate, the income of which is subject to United States federal income taxation regardless of its source; or

any trust if (1) a United States court is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a United States person.

The term non-U.S. stockholder shall refer to any owners of our common or preferred stock that are not U.S. stockholders for purposes of this Registration.

If a partnership or an entity treated as a partnership for federal income tax purposes holds our stock, the federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock or preferred stock, you should consult your own tax advisor regarding the consequences of the ownership and disposition of shares of our stock by the partnership.

*Dividends.* As long as we qualify as a REIT, a taxable U.S. stockholder must generally take into account as ordinary income distributions made out of current or accumulated earnings and profits that we do not designate as capital gain dividends. Distributions on our preferred stock will be treated as made out of any available earnings and profits in priority to distributions on our common stock. Dividends paid to a non-corporate U.S. stockholder generally will not qualify for the preferential tax rate for qualified dividend income. Qualified dividend income generally includes dividends paid to most United States non-corporate taxpayers by domestic C corporations and certain qualified foreign corporations. Because we are not generally subject to United States federal income tax on the portion of our REIT taxable income distributed to our stockholders, our dividends generally will not be eligible for the preferential rate on qualified dividend income. As a result, our ordinary REIT dividends will continue to be taxed at the higher tax rate applicable to ordinary income. However, the preferential tax rate for qualified dividend income will apply to our ordinary REIT dividends (1) attributable to dividends received by us from taxable corporations, such as our taxable REIT subsidiaries, and (2) to the extent attributable to income upon which we have paid corporate income tax (e.g., to the extent that we distribute less than 100% of our taxable income). In general, to qualify for the reduced tax rate on qualified dividend income, a stockholder must hold our stock for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which our stock becomes ex-dividend. Dividends paid to a corporate U.S. stockholder will not qualify for the dividends received deduction generally available to corporations. If we declare a distribution in October, November, or December of any year that is payable to a U.S. stockholder of record on a specified date in any such month, such distribution will be treated as both paid by us and received by the U.S. stockholder on December 31 of such year, provided that we actually pay the distribution during January of the following calendar year.

Distributions from us that are designated as capital gain dividends will be taxed to U.S. stockholders as long-term capital gains, to the extent that they do not exceed our actual net capital gain for the taxable year, without regard to the period for which the U.S. stockholder has held its stock. Corporate U.S. stockholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Capital gains dividends attributable to the sale of depreciable real property held for more than 12 months are generally subject to a 25% U.S. federal income tax rate for U.S. stockholders who are individuals, to the extent of previously claimed depreciation deductions.

We may elect to retain and pay income tax on the net long-term capital gain that we receive in a taxable year. In that case, we may elect to designate the retained amount as a capital gain dividend with the result that a U.S. stockholder would be taxed on its proportionate share of our undistributed long-term capital gain. The U.S. stockholder would receive a credit or refund for its proportionate share of the tax we paid. The U.S. stockholder would increase the basis in its common stock by the amount of its proportionate share of our undistributed long-term capital gain, minus its share of the tax we paid.

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**Table of Contents**

A U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the distribution does not exceed the adjusted basis of the U.S. stockholder's stock. Instead, the distribution will reduce the adjusted basis of such stock. A U.S. stockholder will recognize gain upon a distribution in excess of both our current and accumulated earnings and profits and the U.S. stockholder's adjusted basis in his or her stock as long-term capital gain, or short-term capital gain, if the shares of stock have been held for one year or less.

Stockholders may not include in their individual income tax returns any of our net operating losses or capital losses. Instead, these losses are generally carried over by us for potential offset against our future income. Taxable distributions from us and gain from the disposition of our common stock will not be treated as passive activity income and, therefore, stockholders generally will not be able to apply any passive activity losses, such as losses from certain types of limited partnerships in which the stockholder is a limited partner, against such income. In addition, taxable distributions from us and gain from the disposition of our common stock generally will be treated as investment income for purposes of the investment interest limitations. We will notify stockholders after the close of our taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, return of capital, and capital gain. Ordinary income and capital gain must be allocated proportionately among taxable dividends on both our preferred stock and common stock.

*Dispositions of Stock.* In general, a U.S. stockholder who is not a dealer in securities must treat any gain or loss realized upon a taxable disposition of our stock as long-term capital gain or loss if the U.S. stockholder has held our stock for more than one year. Otherwise, the U.S. stockholder must treat any such gain or loss as short-term capital gain or loss. However, a U.S. stockholder must treat any loss upon a sale or exchange of our stock held by such stockholder for six months or less as a long-term capital loss to the extent of capital gain dividends and any other actual or deemed distributions from us that such U.S. stockholder treats as long-term capital gain. All or a portion of any loss that a U.S. stockholder realizes upon a taxable disposition of our common stock or preferred stock may be disallowed if the U.S. stockholder repurchases our common stock or preferred stock within 30 days before or after the disposition.

A redemption by us of any redeemable preferred stock we may issue could be treated either as a taxable disposition of shares or as a dividend, depending on the applicable facts and circumstances. In the event we issue any redeemable preferred stock, the Prospectus Supplement will discuss the tax consequences of owning such securities in greater detail.

*Capital Gains and Losses.* The tax rate differential between capital gain and ordinary income for non-corporate taxpayers may be significant. A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate is currently 39.6%. The maximum tax rate on long-term capital gains applicable to non-corporate taxpayers is 20% for sales and exchanges of capital assets held for more than one year. The maximum tax rate on long-term capital gain from the sale or exchange of section 1250 property, or depreciable real property, is generally 25% to the extent of previously claimed depreciation deductions ( Unrecaptured Section 1250 Gains ). With respect to distributions that we designate as capital gain dividends and any retained capital gain that we are deemed to distribute, we generally may designate whether such a distribution is taxable to our non-corporate stockholders as long term capital gains or Unrecaptured Section 1250 Gains. In addition, the characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of \$3,000. A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at ordinary corporate rates (currently up to 35%). A corporate taxpayer can deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

If a U.S. stockholder recognizes a loss upon a subsequent disposition of Boston Properties, Inc. common stock in an amount that exceeds a prescribed threshold, it is possible that the provisions of certain Treasury Regulations involving reportable transactions could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. While these regulations are directed towards tax shelters, they are written quite broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisors concerning any possible

## **Table of Contents**

disclosure obligation with respect to the receipt or disposition of Boston Properties, Inc. common stock, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

*Medicare Tax.* A U.S. person that is an individual is subject to a 3.8% tax on the lesser of (1) the U.S. person's net investment income for the relevant taxable year and (2) the excess of the U.S. person's modified gross income for the taxable year over a certain threshold (which will be between \$125,000 and \$250,000, depending on the individual's circumstances). Estates and trusts that do not fall into a special class of trusts that is exempt from such tax are subject to the same 3.8% tax on the lesser of their undistributed net investment income and the excess of their adjusted gross income over a certain threshold. Net investment income generally would include dividends on our stock and gain from the sale of our stock. If you are a U.S. person that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in our common or preferred stock.

### *Information Reporting and Backup Withholding*

We will report to our stockholders and to the IRS the amount of distributions we pay during each calendar year, and the amount of tax we withhold, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at a rate of up to 28% with respect to distributions unless the holder:

is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact; or

provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A stockholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, we may be required to withhold a portion of any dividends or capital gain distributions to any stockholders who fail to certify their non-foreign status to us. For a discussion of the backup withholding rules as applied to non-U.S. stockholders, see [Taxation of Non-U.S. Stockholders](#).

### *Taxation of Tax-Exempt Stockholders*

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income. While many investments in real estate generate unrelated business taxable income, the IRS has issued a ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute unrelated business taxable income so long as the exempt employee pension trust does not otherwise use the stock of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts that we distribute to tax-exempt stockholders generally should not constitute unrelated business taxable income. However, if a tax-exempt stockholder were to finance its acquisition of common stock or preferred stock with debt, a portion of the income that it receives from us would constitute unrelated business taxable income pursuant to the debt-financed property rules. Furthermore, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under special provisions of the federal income tax



laws are subject to different unrelated business taxable income rules, which generally will require them to characterize distributions that they receive from us as unrelated business taxable income. Finally, in certain circumstances, a qualified employee pension or profit sharing trust that owns more than 10% of our stock must treat a percentage of the dividends that it receives from us as unrelated business taxable income. Such percentage is equal to the gross income we derive from an unrelated trade or business, determined as if we were a pension trust, divided by our total gross income for the year in which we pay the dividends. That rule applies to a pension trust holding more than 10% of our shares only if:

the percentage of our dividends that the tax-exempt trust must treat as unrelated business taxable income is at least 5%;

## **Table of Contents**

we qualify as a REIT by reason of the modification of the rule requiring that no more than 50% of the value of our stock be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding our stock in proportion to their actuarial interests in the pension trust; and

either (a) one pension trust owns more than 25% of the value of our stock; or (b) a group of pension trusts individually holding more than 10% of the value of our stock collectively owns more than 50% of the value of our stock.

### ***Taxation of Non-U.S. Stockholders***

The rules governing United States federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships, and other foreign stockholders are complex. This section is only a summary of such rules. We urge non-U.S. stockholders to consult their own tax advisors to determine the impact of federal, state, and local income tax laws on ownership of our stock, including any reporting requirements.

*Dividends.* A non-U.S. stockholder who receives a distribution that is not attributable to gain from our sale or exchange of United States real property interests ( USRPIs ), as defined below, and that we do not designate as a capital gain dividend or retained capital gain will recognize ordinary income to the extent that we pay the distribution out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the dividend (including any portion of any dividend that is payable in our stock) ordinarily will apply unless an applicable tax treaty reduces or eliminates the tax. Under some treaties, lower withholding taxes do not apply, or do not apply as favorably, to dividends from REITs. However, if a distribution is treated as effectively connected with the non-U.S. stockholder's conduct of a United States trade or business, the non-U.S. stockholder generally will be subject to federal income tax on the distribution at graduated rates, in the same manner as U.S. stockholders are taxed on distributions, and also may be subject to the 30% branch profits tax in the case of a corporate non-U.S. stockholder. We plan to withhold United States income tax at the rate of 30% on the gross amount of any distribution paid to a non-U.S. stockholder unless either:

a lower treaty rate applies and the non-U.S. stockholder files an IRS Form W-8BEN or W-8BEN-E evidencing eligibility for that reduced rate with us; or

the non-U.S. stockholder files an IRS Form W-8ECI with us claiming that the distribution is effectively connected income.

A non-U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the excess portion of the distribution does not exceed the adjusted basis of its stock. Instead, the excess portion of the distribution will reduce the adjusted basis of that stock. A non-U.S. stockholder will be subject to tax on a distribution that exceeds both our current and accumulated earnings and profits and the adjusted basis of its stock, if the non-U.S. stockholder otherwise would be subject to tax on gain from the sale or disposition of its stock, as described below. Because we generally cannot determine at the time we make a distribution whether or not the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, a non-U.S. stockholder may obtain a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current and accumulated earnings and profits.

Additional withholding regulations may require us to withhold 10% of any distribution that exceeds our current and accumulated earnings and profits. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any distribution, to the extent that we do not do so, we will withhold at a rate of 10% on any portion of a distribution not subject to withholding at a rate of 30%.

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**Table of Contents**

Except as discussed below with respect to 5% or less holders or regularly traded classes of stock, for any year in which we qualify as a REIT, a non-U.S. stockholder will incur tax on distributions by us that are attributable to gain from our sale or exchange of USRPIs under special provisions of the United States federal income tax laws known as the Foreign Investment in Real Property Act, or FIRPTA. The term USRPIs includes interests in real property and shares in corporations at least 50% of whose assets consist of interests in U.S. real property. Under those rules, a non-U.S. stockholder is taxed on distributions by us attributable to gain from sales of USRPIs as if the gain were effectively connected with a United States trade or business of the non-U.S. stockholder. A non-U.S. stockholder thus would be taxed on such a distribution at the normal capital gain rates applicable to U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A non-U.S. corporate stockholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution. We must withhold 35% of any distribution that we could designate as a capital gain dividend. A non-U.S. stockholder may receive a credit against its tax liability for the amount we withhold. However, FIRPTA and the 35% withholding tax will not apply to any capital gain dividend with respect to any class of our stock which is regularly traded on an established securities market located in the United States if the recipient non-U.S. stockholder did not own more than 5% of such class of stock at any time during the one year period ending on the date of distribution. Instead, any capital gain dividend will be treated as an ordinary distribution subject to the rules discussed above, which generally impose a 30% withholding tax (unless reduced by a treaty). Also, the branch profits tax will not apply to such a distribution.

*Dispositions of Stock.* A non-U.S. stockholder generally will not incur tax under FIRPTA with respect to gain on a sale of our common stock or preferred stock as long as at all times during the testing period non-U.S. persons hold, directly or indirectly, less than 50% in value of our stock. We cannot assure you that that test will be met. Even if we meet this test, pursuant to wash sale rules under FIRPTA, a non-U.S. stockholder may incur tax under FIRPTA to the extent such stockholder disposes of Boston Properties, Inc. common stock within a certain period prior to a capital gain distribution and directly or indirectly (including through certain affiliates) reacquires Boston Properties, Inc. common stock within certain prescribed periods. However, a non-U.S. stockholder will not incur tax under FIRPTA on a disposition of the shares of our common or preferred stock if: (i) such non-U.S. stockholder owned, actually or constructively, at all times during a specified testing period, 5% or less of the total fair market value of a class of our stock that is regularly traded on an established securities market; (ii) such non-U.S. stockholder owned shares of a class of our stock that is not publicly traded on an established securities market if the fair market value of the shares acquired by such non-U.S. stockholder on the date of acquisition did not exceed 5% of the regularly traded class of stock with the lowest fair market value; or (iii) such non-U.S. stockholder owned shares of a class of our stock that is convertible into a class of our stock that is regularly traded if the fair market value of the shares acquired by such non-U.S. stockholder on the date of acquisition did not exceed 5% of the total fair market value of the regularly traded class of stock that such shares are convertible into. For as long as our common stock is regularly traded on an established securities market, a non-U.S. stockholder should not incur tax under FIRPTA with respect to gain on a sale of our common stock unless it owns or has owned, actually or constructively, at any time during the specified testing period, more than 5% of our common stock. If the gain on the sale of our stock were taxed under FIRPTA, a non-U.S. stockholder would be taxed on that gain in the same manner as U.S. stockholders subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. Furthermore, a non-U.S. stockholder generally will incur tax on gain not subject to FIRPTA if:

the gain is effectively connected with the non-U.S. stockholder's United States trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain; or

the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the non-U.S. stockholder will incur a 30% tax on his or her capital gains derived from sources within the United States.

*Withholding on Certain Foreign Accounts and Entities.* The Foreign Account Tax Compliance Act, or FATCA, imposes withholding taxes on dividends and sales proceeds made to foreign financial institutions and certain other non-U.S. entities unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it

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## **Table of Contents**

undertakes to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent them from complying with these reporting and other requirements. Investors in jurisdictions that have entered into intergovernmental agreements may, in lieu of the foregoing requirements, be required to report such information to their home jurisdictions. Withholding under FATCA on certain U.S. source periodical income (including dividends paid in respect of our stock) begins after June 30, 2014, and withholding on all other withholdable payments (including gross proceeds from the sale of our stock) begins after December 31, 2016. Prospective investors should consult their tax advisors regarding this legislation.

*Information Reporting and Backup Withholding.* Generally, we must report annually to the IRS the amount of dividends paid to a non-U.S. stockholder, such holder's name and address, and the amount of tax withheld, if any. A similar report is sent to the non-U.S. stockholder. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the non-U.S. stockholder's country of residence.

Payments of dividends or of proceeds from the disposition of stock made to a non-U.S. stockholder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its non-United States status on an IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that a non-U.S. stockholder is a United States person.

Backup withholding is not an additional tax. Rather, the United States income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided the required information is furnished to the IRS.

## **State, Local and Foreign Taxes**

We and/or holders of our stock may be subject to state, local and foreign taxation in various state or local or foreign jurisdictions, including those in which we or they transact business or reside. The foreign, state and local tax treatment of us and of holders of our stock may not conform to the United States federal income tax consequences discussed above. Consequently, prospective investors should consult their own tax advisors regarding the effect of state, local and foreign tax laws on an investment in our common stock or preferred stock.

## **Legislative or Other Actions Affecting REITs**

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, U.S. federal income tax laws applicable to us and our stockholders may be enacted, amended or repealed. Changes to the federal tax laws and to interpretations of the federal tax laws could adversely affect an investment in our common stock or preferred stock.

## **Taxation of Holders of Certain Fixed Rate Debt Securities**

This section describes the material United States federal income tax consequences of owning the fixed rate debt securities that Boston Properties, Inc. or Boston Properties Limited Partnership may offer for general information only. It is not tax advice. It applies only if the fixed rate debt securities purchased are not original issue discount or zero coupon debt securities and such fixed rate debt securities are acquired in the initial offering at the offering price. If these fixed rate debt securities are purchased at a price other than the offering price, the amortization bond premium or market discount rules may apply. Prospective holders should consult their own tax advisors regarding these

possibilities.

The tax consequences of owning any zero coupon debt securities, original issue discount debt securities, floating rate debt securities, convertible or exchangeable debt securities, or indexed debt securities that we offer will be discussed in the applicable prospectus supplement.

**Table of Contents**

***Taxation of Taxable U.S. Holders***

The term **U.S. Holder** means any beneficial owner of a debt security that for United States federal income tax purposes, is:

a citizen or resident of the United States;

a corporation (including an entity treated as a corporation for United States federal income tax purposes) created or organized under the laws of the United States or of a political subdivision of the United States;

an estate, the income of which is subject to United States federal income taxation regardless of its source; or

any trust if (1) a United States court is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a United States person.

The term **Non-U.S. Holder** shall refer to a beneficial owner of a debt security, other than an entity treated as a partnership for U.S. federal income tax purposes, that is not a U.S. Holder.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of debt securities, the treatment of a partner in the partnership will generally depend upon the status of the partner and upon the activities of the partnership. A holder of debt securities that is a partnership, and partners in such partnership, should consult their tax advisors about the U.S. federal income tax consequences of purchasing, holding and disposing of debt securities.

***Interest and Original Issue Discount.*** If the issue price of a debt security is less than its stated redemption price at maturity, then the debt security will be treated as being issued with original issue discount ( **OID** ) for U.S. federal income tax purposes unless the difference between the debt security's issue price and its stated redemption price at maturity is less than a statutory *de minimis* amount. Generally, the issue price of a debt security is the first price at which a substantial amount of the debt securities is sold to purchasers other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a debt security is the total of all payments to be made under the debt security other than qualified stated interest (generally, stated interest that is unconditionally payable in cash or property at least annually at a single fixed rate or at certain floating rates that properly take into account the length of the interval between stated interest payments); and, generally, is expected to equal the principal amount of the debt security. The amount of **OID** on the debt security will be *de minimis* if it is less than 0.0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity.

If the difference between the issue price and the stated redemption price at maturity of a debt security is more than the statutory *de minimis* amount, the debt security will be treated as having been issued with **OID**. The amount of **OID** on a debt security, which is equal to the difference, must be included in income as ordinary interest as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting.



Stated interest on a debt security generally will be included in the income of a U.S. Holder as ordinary income at the time such interest is received or accrued, in accordance with the U.S. Holder's regular method of tax accounting.

*Disposition of the Debt Securities.* Upon the sale, exchange, redemption, repurchase, retirement or other disposition of a debt security, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash proceeds and the fair market value of any property received on the disposition (except to the extent such amount is attributable to accrued but unpaid stated interest, which is taxable as ordinary income if not previously included in such holder's income) and (ii) such U.S. Holder's adjusted tax basis in the debt security. A U.S. Holder's adjusted tax basis in a debt security generally will equal the cost of the debt security to such Holder (A) increased by the amount of OID (if any) previously included in income by such Holder and

## **Table of Contents**

(B) decreased by the amount of any payments other than qualified stated interest payments. Capital gain or loss recognized upon the disposition of a debt security will be a long-term capital gain or loss if the debt security was held for more than one year. The deductibility of capital losses is subject to limitations.

*Medicare Tax.* A U.S. person that is an individual is subject to a 3.8% tax on the lesser of (1) the U.S. person's net investment income for the relevant taxable year and (2) the excess of the U.S. person's modified gross income for the taxable year over a certain threshold (which will be between \$125,000 and \$250,000, depending on the individual's circumstances). Estates and trusts that do not fall into a special class of trusts that is exempt from such tax are subject to the same 3.8% tax on the lesser of their undistributed net investment income and the excess of their adjusted gross income over a certain threshold. A holder's net investment income will generally include its gross interest income and its net gains from the disposition of notes, unless such interest or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. person that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the notes.

### *Information Reporting and Backup Withholding*

We will report to our U.S. Holders and to the IRS the amount of stated interest payments and payments of the proceeds from the sale, exchange, redemption, repurchase, retirement or other disposition of a debt security made to a U.S. Holder, and the amount we withhold, if any. Under the backup withholding rules, a U.S. Holder may be subject to backup withholding at a rate of up to 28% with respect to distributions unless the holder:

is a corporation or comes within certain exempt categories and, when required, demonstrates that fact, or

provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A noteholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the noteholder's income tax liability. For a discussion of the backup withholding rules as applied to non-U.S. Holders, see *Taxation of Non-U.S. Holders of Debt Securities*.

### *Taxation of Tax-Exempt Holders of Debt Securities*

Assuming the debt security is debt for tax purposes, interest income accrued on the debt security should not constitute unrelated business taxable income to a tax-exempt holder. As a result, a tax-exempt holder generally should not be subject to U.S. federal income tax on the interest income accruing on our debt securities. Similarly, any gain recognized by the tax-exempt holder in connection with a sale of the debt security generally should not be unrelated business taxable income. However, if a tax-exempt holder were to finance its acquisition of the debt security with debt, a portion of the interest income and gain attributable to the debt security would constitute unrelated business taxable income pursuant to the debt-financed property rules. Tax-exempt holders should consult their own counsel to determine the potential tax consequences of an investment in our debt securities.

### *Taxation of Non-U.S. Holders of Debt Securities*

The rules governing the U.S. federal income taxation of a Non-U.S. Holder are complex and no attempt will be made herein to provide more than a summary of such rules. Non-U.S. Holders should consult their tax advisors to determine the effect of U.S. federal, state, local and foreign tax laws, as well as tax treaties, with regard to an investment in the debt securities.

*Interest and Original Issue Discount.* A Non-U.S. Holder holding the debt securities on its own behalf generally will be exempt from U.S. federal income and withholding taxes on payments of noncontingent interest (including OID) on a debt security so long as such payments are not effectively connected with the conduct of a

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**Table of Contents**

trade or business in the United States by the Non-U.S. Holder, unless such Non-U.S. Holder is (i) a direct or indirect 10% or greater partner (as defined in section 871(h)(3) of the Code) in the Operating Partnership in the event that debt is issued by the Operating Partnership, (ii) a direct or indirect 10% or greater stockholder of the REIT in the event that debt is issued by the REIT, (iii) a controlled foreign corporation related to the Operating Partnership or the REIT, as applicable, or (iv) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business.

In order for a Non-U.S. Holder that is an individual or corporation (or entity treated as such for U.S. federal income tax purposes) to qualify for the exemption from taxation on noncontingent interest (including OID), the withholding agent (generally, the last U.S. payor or a non-U.S. payor who is a qualified intermediary or withholding foreign partnership) must have received a statement (generally made on IRS Form W-8BEN or W-8BEN-E) from the individual or corporation that: (i) is signed under penalties of perjury by the beneficial owner of the debt security, (ii) certifies that such owner is not a U.S. Holder and (iii) provides the beneficial owner's name and address. Certain securities clearing organizations and other entities that are not beneficial owners may provide a signed statement accompanied by a copy of the beneficial owner's IRS Form W-8BEN or W-8BEN-E to the withholding agent. An IRS Form W-8BEN is generally effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances renders any information on the form incorrect. A Non-U.S. Holder that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding the debt securities on its own behalf may have substantially increased reporting requirements and should consult its tax advisor.

To the extent that interest income (including OID) with respect to a debt security is not exempt from U.S. withholding tax as described above, a Non-U.S. Holder may still be able to eliminate or reduce such taxes under an applicable income tax treaty.

*Disposition of the Debt Securities.* Any gain realized on the sale, redemption, exchange, retirement, repurchase or other taxable disposition of a debt security by a Non-U.S. Holder (except to the extent such amount is attributable to accrued but unpaid stated interest, which would be taxable as described above) will be exempt from U.S. federal income and withholding taxes so long as: (i) the gain is not effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Holder, (ii) in the case of a foreign individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year, and (iii) the debt securities do not constitute USRPIs, within the meaning of FIRPTA.

Except to the extent that an applicable income tax treaty otherwise provides, a Non-U.S. Holder whose gain or interest income (including OID) with respect to a debt security is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder, although exempt from the withholding tax previously discussed provided the holder furnishes an IRS form W-8ECI, will generally be subject to U.S. federal income tax on the gain or interest income at regular U.S. federal income tax rates, as if the holder were a U.S. person. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30 percent of its dividend equivalent amount within the meaning of the Code for the taxable year, subject to adjustment, unless it qualifies for a lower rate or an exemption under an applicable tax treaty.

*Withholding on Certain Foreign Accounts and Entities.* FATCA imposes withholding taxes on interest and sales proceeds made to foreign financial institutions and certain other non-U.S. entities unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertakes to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and

withhold 30% on payments to account holders whose actions prevent them from complying with these reporting and other requirements. Investors in jurisdictions that have entered into intergovernmental agreements may, in lieu of the foregoing requirements, be required to report such information to their home jurisdictions. Withholding under FATCA on certain U.S. source periodical income (including interest paid in respect of our notes or the Operating Partnership's notes issued after June 30, 2014) begins after June 30, 2014, and withholding on all other withholdable payments (including the gross proceeds from the sale of our notes or the Operating Partnership's notes) begins after December 31, 2016. Prospective investors should consult their tax advisors regarding this legislation.

**Table of Contents**

*Information Reporting and Backup Withholding.* Information reporting requirements and backup withholding generally will not apply to payments on a debt security to a Non-U.S. Holder if the statement described in Non-U.S. Holders of the Debt Securities is duly provided by such holder, provided that the withholding agent does not have actual knowledge that the holder is a United States person. Information reporting requirements and backup withholding will not apply to any payment of the proceeds of the sale of a debt security effected outside the United States by a foreign office of a broker (as defined in applicable Treasury Regulations), unless such broker (i) is a United States person, (ii) derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a controlled foreign corporation within the meaning of the Code or (iv) is a U.S. branch of a foreign bank or a foreign insurance company. Payment of the proceeds of any such sale effected outside the United States by a foreign office of any broker that is described in (i), (ii) or (iii) of the preceding sentence will not be subject to backup withholding, but will be subject to the information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of any such sale to or through the United States office of a broker is subject to information reporting and backup withholding requirements, unless the beneficial owner of the debt security provides the statement described in Non-U.S. Holders of the Debt Securities or otherwise establishes an exemption. Any amount withheld from a payment to a holder of a debt security under the backup withholding rules is allowable as a credit against such holder's U.S. federal income tax liability (which might entitle such holder to a refund), provided that such holder furnishes the required information to the IRS.

**SELLING SECURITY HOLDERS**

Information about selling security holders of Boston Properties, Inc., where applicable, will be set forth in a prospectus supplement, in a post-effective amendment, or in filings we make with the SEC which are incorporated into this prospectus by reference.

Table of Contents

**PLAN OF DISTRIBUTION**

*Sales by Us*

We may sell the securities in any one or more of the following ways:

directly to investors, including through a specific bidding, auction or other process;

to investors through agents;

directly to agents;

to or through brokers or dealers;

to the public through underwriting syndicates led by one or more managing underwriters;

to one or more underwriters acting alone for resale to investors or to the public; and

through a combination of any such methods of sale.

Boston Properties, Inc. common stock or preferred stock may be issued upon conversion of debt securities or preferred stock of Boston Properties, Inc. or in exchange for debt securities of Boston Properties Limited Partnership. Securities may also be issued upon exercise of warrants of Boston Properties, Inc. Boston Properties, Inc. and Boston Properties Limited Partnership reserve the right to sell securities directly to investors on their own behalf in those jurisdictions where they are authorized to do so.

If we sell securities to a dealer acting as principal, the dealer may resell such securities at varying prices to be determined by such dealer in its discretion at the time of resale without consulting with us and such resale prices may not be disclosed in the applicable prospectus supplement.

Any underwritten offering may be on a best efforts or a firm commitment basis. We may also offer securities through subscription rights distributed to our stockholders on a pro rata basis, which may or may not be transferable. In any distribution of subscription rights to stockholders, if all of the underlying securities are not subscribed for, we may then sell the unsubscribed securities directly to third parties or may engage the services of one or more underwriters, dealers or agents, including standby underwriters, to sell the unsubscribed securities to third parties.

Sales of the securities may be effected from time to time in one or more transactions, including negotiated transactions:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to prevailing market prices; or

at negotiated prices.

Any of the prices may represent a discount from the then prevailing market prices.

In the sale of the securities, underwriters or agents may receive compensation from us in the form of underwriting discounts or commissions and may also receive compensation from purchasers of the securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell the securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or



**Table of Contents**

commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Discounts, concessions and commissions may be changed from time to time. Dealers and agents that participate in the distribution of the securities may be deemed to be underwriters under the Securities Act, and any discounts, concessions or commissions they receive from us and any profit on the resale of securities they realize may be deemed to be underwriting compensation under applicable federal and state securities laws.

The applicable prospectus supplement will, where applicable:

identify any such underwriter, dealer or agent;

describe any compensation in the form of discounts, concessions, commissions or otherwise received from us by each such underwriter or agent and in the aggregate by all underwriters and agents;

describe any discounts, concessions or commissions allowed by underwriters to participating dealers;

identify the amounts underwritten; and

identify the nature of the underwriter's or underwriters' obligation to take the securities.

Unless otherwise specified in the related prospectus supplement, each series of securities will be a new issue with no established trading market, other than shares of common stock of Boston Properties, Inc., which are listed on the NYSE. Any common stock sold pursuant to a prospectus supplement will be listed on the NYSE, subject to official notice of issuance. We may elect to list any series of debt securities or preferred stock, on an exchange, but we are not obligated to do so. It is possible that one or more underwriters may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of, or the trading market for, any offered securities.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If disclosed in the applicable prospectus supplement, in connection with those derivative transactions third parties may sell securities covered by this prospectus and such prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or from others to settle those short sales or to close out any related open borrowings of securities, and may use securities received from us in settlement of those derivative transactions to close out any related open borrowings of securities. If the third party is or may be deemed to be an underwriter under the Securities Act, it will be identified in the applicable prospectus supplements.

Until the distribution of the securities is completed, rules of the SEC may limit the ability of any underwriters and selling group members to bid for and purchase the securities. As an exception to these rules, underwriters are permitted to engage in some transactions that stabilize the price of the securities. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the securities.

Underwriters may engage in overallotment. If any underwriters create a short position in the securities in an offering in which they sell more securities than are set forth on the cover page of the applicable prospectus supplement, the

underwriters may reduce that short position by purchasing the securities in the open market.

The lead underwriters may also impose a penalty bid on other underwriters and selling group members participating in an offering. This means that if the lead underwriters purchase securities in the open market to reduce the underwriters short position or to stabilize the price of the securities, they may reclaim the amount of any selling concession from the underwriters and selling group members who sold those securities as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security before the distribution is completed.

## **Table of Contents**

We do not make any representation or prediction as to the direction or magnitude of any effect that the transactions described above might have on the price of the securities. In addition, we do not make any representation that underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of the securities may be entitled to indemnification by us against or contribution towards certain civil liabilities, including liabilities under the applicable securities laws.

Underwriters, dealers and agents may engage in transactions with us, perform services for us or be our tenants in the ordinary course of business.

If indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by particular institutions to purchase securities from us at the public offering price set forth in such prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in such prospectus supplement. Each delayed delivery contract will be for an amount no less than, and the aggregate amounts of securities sold under delayed delivery contracts shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Institutions with which such contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but will in all cases be subject to our approval. The obligations of any purchaser under any such contract will be subject to the conditions that (a) the purchase of the securities shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which the purchaser is subject, and (b) if the securities are being sold to underwriters, we shall have sold to the underwriters the total amount of the securities less the amount thereof covered by the contracts. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

To comply with applicable state securities laws, the securities offered by this prospectus will be sold, if necessary, in such jurisdictions only through registered or licensed brokers or dealers. In addition, securities may not be sold in some states unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Underwriters, dealers or agents that participate in the offer of securities, or their affiliates or associates, may have engaged or engage in transactions with and perform services for, Boston Properties, Inc., Boston Properties Limited Partnership or our affiliates in the ordinary course of business for which they may have received or receive customary fees and reimbursement of expenses.

### ***Sales by Selling Security Holders***

The selling security holders may resell or redistribute the securities from time to time on any stock exchange or automated interdealer quotation system on which the securities are listed, in the over-the-counter market, in privately negotiated transactions, or in any other legal manner, at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. Persons who are pledgees, donees, transferees, or other successors in interest of any of the named selling security holders (including but not limited to persons who receive securities from a named selling security holder as a gift, partnership distribution or other non-sale-related transfer after the date of this prospectus) may also use this prospectus and are included when we refer to selling security holders in this prospectus. The selling security holders may sell the securities by one or more of the following methods, without limitation:

block trades (which may include cross trades) in which the broker or dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker or dealer as principal and resale by the broker or dealer for its own account;

**Table of Contents**

an exchange distribution or secondary distribution in accordance with the rules of any stock exchange on which the securities may be listed;

ordinary brokerage transactions and transactions in which the broker solicits purchases;

an offering at other than a fixed price on or through the facilities of any stock exchange on which the securities are listed or to or through a market maker other than on that stock exchange;

privately negotiated transactions, directly or through agents;

short sales;

through the writing of options on the securities, whether or the options are listed on an options exchange;

through the distribution of the securities by any security holders to its partners, members or stockholders;

one or more underwritten offerings;

agreements between a broker or dealer and any security holder to sell a specified number of the securities at a stipulated price per share; and

any combination of any of these methods of sale or distribution, or any other method permitted by applicable law.

The security holders may also transfer the securities by gift.

The selling security holders may engage brokers and dealers, and any brokers or dealers may arrange for other brokers or dealers to participate in effecting sales of the securities. These brokers, dealers or underwriters may act as principals, or as an agent of a selling security holder. Broker-dealers may agree with a selling security holder to sell a specified number of the securities at a stipulated price per share. If the broker-dealer is unable to sell securities acting as agent for a selling security holder, it may purchase as principal any unsold securities at the stipulated price. Broker-dealers who acquire securities as principals may thereafter resell the securities from time to time in transactions in any stock exchange or automated interdealer quotation system on which the securities are then listed, at prices and on terms then prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. Broker-dealers may use block transactions and sales to and through broker-dealers, including transactions of the nature described above.

From time to time, one or more of the selling security holders may pledge, hypothecate or grant a security interest in some or all of the securities owned by them. The pledgees, secured parties or persons to whom the securities have been hypothecated will, upon foreclosure in the event of default, be deemed to be selling security holders. The number

of a selling security holder's securities offered under this prospectus will decrease as and when it takes such actions. The plan of distribution for that selling security holder's securities will otherwise remain unchanged. In addition, a selling security holder may, from time to time, sell the securities short, and, in those instances, this prospectus may be delivered in connection with the short sales and the securities offered under this prospectus may be used to cover short sales.

The selling security holders and any underwriters, brokers, dealers or agents that participate in the distribution of the securities may be deemed to be underwriters within the meaning of the Securities Act, and any discounts, concessions, commissions or fees received by them and any profit on the resale of the securities sold by them may be deemed to be underwriting discounts and commissions.

**Table of Contents**

A selling security holder may enter into hedging transactions with broker-dealers and the broker-dealers may engage in short sales of the securities in the course of hedging the positions they assume with that selling security holder, including, without limitation, in connection with distributions of the securities by those broker-dealers. A selling security holder may enter into option or other transactions with broker-dealers that involve the delivery of the securities offered hereby to the broker-dealers, who may then resell or otherwise transfer those securities. A selling security holder may also loan or pledge the securities offered hereby to a broker-dealer and the broker-dealer may sell the securities offered hereby so loaned or upon a default may sell or otherwise transfer the pledged securities offered hereby.

The selling security holders and other persons participating in the sale or distribution of the securities will be subject to applicable provisions of the Exchange Act and the related rules and regulations adopted by the SEC, including Regulation M. This regulation may limit the timing of purchases and sales of any of the securities by the selling security holders and any other person. The anti-manipulation rules under the Exchange Act may apply to sales of securities in the market and to the activities of the selling security holders and their affiliates. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the securities to engage in market-making activities with respect to the particular securities being distributed for a period of up to five business days before the distribution. These restrictions may affect the marketability of the securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

We may agree to indemnify the selling security holders and their respective officers, directors, employees and agents, and any underwriter or other person who participates in the offering of the securities, against specified liabilities, including liabilities under the federal securities laws or to contribute to payments the underwriters may be required to make in respect of those liabilities. The selling security holders may agree to indemnify us, the other selling security holders and any underwriter or other person who participates in the offering of the securities, against specified liabilities arising from information provided by the selling security holders for use in this prospectus or any accompanying prospectus supplement, including liabilities under the federal securities laws. In each case, indemnification may include each person who is an affiliate of or controls one of these specified indemnified persons within the meaning of the federal securities laws or is required to contribute to payments the underwriters may be required to make in respect of those liabilities. The selling security holders may agree to indemnify any brokers, dealers or agents who participate in transactions involving sales of the securities against specified liabilities arising under the federal securities laws in connection with the offering and sale of the securities.

We will not receive any proceeds from sales of any securities by the selling security holders.

We can not assure you that the selling security holders will sell all or any portion of the securities offered hereby.

We will supply the selling security holders and any stock exchange upon which the securities are listed with reasonable quantities of copies of this prospectus. To the extent required by Rule 424 under the Securities Act in connection with any resale or redistribution by a selling security holder, we will file a prospectus supplement setting forth:

the aggregate number of securities to be sold;

the purchase price;

the public offering price;

if applicable, the names of any underwriter, agent or broker-dealer; and

any applicable commissions, discounts, concessions, fees or other items constituting compensation to underwriters, agents or broker-dealers with respect to the particular transaction (which may exceed customary commissions or compensation).



**Table of Contents**

If a selling security holder notifies us that a material arrangement has been entered into with a broker-dealer for the sale of securities through a block trade, special offering, exchange, distribution or secondary distribution or a purchase by a broker or dealer, the prospectus supplement will include any other facts that are material to the transaction. If applicable, this may include a statement to the effect that the participating broker-dealers did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus.

**Table of Contents**

**LEGAL MATTERS**

Certain legal matters in connection with the offering will be passed upon for us by Goodwin Procter LLP, Boston, Massachusetts.

**EXPERTS**

The financial statements, financial statement schedule, and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to Boston Properties, Inc.'s and Boston Properties Limited Partnership's Current Reports on Form 8-K dated June 3, 2014 and the audited statements of revenue and certain expenses of 767 Fifth Avenue (the General Motors Building) for each of the three years ended December 31, 2012, 2011 and 2010, included in Boston Properties, Inc.'s and Boston Properties Limited Partnership's amended Current Reports on Form 8-K dated June 3, 2014 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.