

### Sustainability Strategy

As one of the largest owners and developers of office properties in the United States, we continually seek ways to promote our growth and improve our performance by attracting and retaining tenants and controlling our costs. The efficient operation of our buildings in an environmentally responsible manner and positively impacting the communities in which we operate are important components of this strategy. Boston Properties reviews on an ongoing basis which measures are the most effective in supporting this strategy and where the greatest risk lies in not taking action. We focus our efforts on the areas we can control and make significant impacts. These include the design and construction of our new developments and the operation of our existing buildings.

While our sustainability management and investments reach across our portfolio, we have focused this report on the aggregate performance of office buildings over which we have full control of the operational systems and information and which are at least fifty percent occupied. Office buildings comprise the vast majority of our portfolio and by concentrating on similarly situated buildings we are able to compare performance and judge the effectiveness of our sustainability measures in a more meaningful way. Except as otherwise indicated, the energy efficiency and water conservation data presented in this report relates to these types of office buildings. Based on our assessment, we apply the effective measures in our other property types, as appropriate. Over time we will continue to assess the available data and determine when to expand this report to address other property types and information.

Boston Properties has followed the development of several other approaches for reporting on sustainability performance, including surveys which include all industries and more recent efforts to establish surveys focused on the real estate industry. We are pleased to report that in 2012 we participated in the Global Real Estate Sustainability Benchmark ("GRESB") report because it is tailored to the issues which are important to the real estate industry and its investors, and the sponsors of the report have committed to working with the industry to make the results of the report more meaningful. The success of the Boston Properties sustainability program is demonstrated by our ranking in the results of the GRESB report in the top fifth of all respondents and the top third of our peer group of office property owners in the United States. Boston Properties also participated in the NAREIT Leaders in the Light competition to recognize superior sustainability performance, which is now based on the GRESB report with the addition of topics of interest to the REIT industry. We look forward to working with the sponsors GRESB and NAREIT to discuss our ideas so that their programs will provide useful information regarding our sustainability program in addition to this report.

Our sustainability efforts are centered on energy efficiency, waste reduction, water conservation and maintaining a quality environment for our tenants through our green cleaning program. As a company with a core strategy of long-term ownership, we use high quality building materials and design to reduce replacement costs and repairs and to ensure our buildings remain competitive for the long term. We invest in energy systems which reduce the cost of operations for ourselves and our tenants. A core element of our development strategy is a commitment to the U.S. Green Building Council's LEED® (Leadership in Energy and Environmental Design) certification program. We also partner with our tenants

to further their sustainability objectives, particularly with regard to large tenancies and build-to-suit projects. An example is the development of Weston Corporate Center described in the Case Studies later in this report.

Our Board of Directors supports our efforts to implement our strategy through our sustainability program. Our Chief Financial Officer and our General Counsel, who oversee a Sustainability Committee with representatives from all of our regions, formally discuss our sustainability program with our Board of Directors annually and obtain their input. The Sustainability Committee has the following goals:

1. to identify and execute new strategies for promoting sustainability in new construction, existing buildings and corporate operations,
2. to enhance the Company's processes for collecting sustainability performance information, and
3. to promote communication across the Company and share "best practices,"
4. to assess the cost effectiveness of small and large scale projects and programs,
5. to follow new regulatory requirements and cooperate with the regulators to make new requirements meaningful.

We have committed to using the ENERGY STAR® Portfolio Manager system to measure the results of our efforts to increase energy efficiency and water conservation. We believe that Energy Star is currently the best system for measuring energy efficiency and water conservation because rather than basing results on absolute usage, it adjusts for factors which have a significant impact on true performance, such as weather. Our Regional Managers and Regional Heads of Property Management are accountable in their annual quantifiable performance goals for the success of their efforts to measure and improve our efficiency as measured on this system. These goals are formulated starting with specific performance at the incremental building level which is consolidated by our Property Management Group to establish region-wide goals.

Our buildings are primarily located in cities which are actively regulating building sustainability performance, particularly as it relates to energy efficiency. By trying to keep ahead of regulatory requirements through addressing the sustainable operation of our buildings, we demonstrate leadership in our communities and mitigate the risk of being rushed into costly measures to catch-up with new legal requirements. In our regions we have developed relationships with the policy-makers so that we can better understand and partner with the policy makers in formulating new requirements. For example, in several of our regions local governments have been formulating requirements for disclosure of energy usage

and we have worked with the regulators to establish approaches which provide meaningful information for the real estate industry. In addition, on a national level, we are working with a real estate trade association which is engaging with the EPA to improve the Energy Star system so that it more accurately reflects performance and to provide opportunities for our tenants to measure and report their performance. We also mitigate risk by focusing on the supply side of energy costs by entering into contracts to purchase energy in the future at fixed costs for electricity and gas when feasible, in addition to mitigating demand through increased efficiency.

At Boston Properties, we take great pride in our people and our workplace. Our success is a result of the efforts of each of our employees. Our commitments to quality in our workplace, business practices, and in our employee benefits align our employees with our strategy to be successful and, in return, helps them make positive contributions in our communities. We have implemented business responsibility practices, including employee training and education, a comprehensive benefits program, and a wide range of charitable activities. As a result of these efforts, Boston Properties makes a positive impact in the communities in which we live and work.

While we are proud of the results of our efforts to date, we will continue to assess where risk and opportunity lie in order to most effectively focus our program in the future. This report reflects our ongoing commitment to the transparency of our sustainability program and its achievements.

### **Energy Usage**

Boston Properties believes that energy conservation measures should be used in conjunction with a consistent energy measurement methodology to enable us to focus on those measures which provide the greatest benefit to our tenants and investors. In that regard, we continually monitor and benchmark the usage of electricity, water, gas, fuel oil and steam using the U.S. Environmental Protection Agency's ("EPA") ENERGY STAR Portfolio Manager tool.

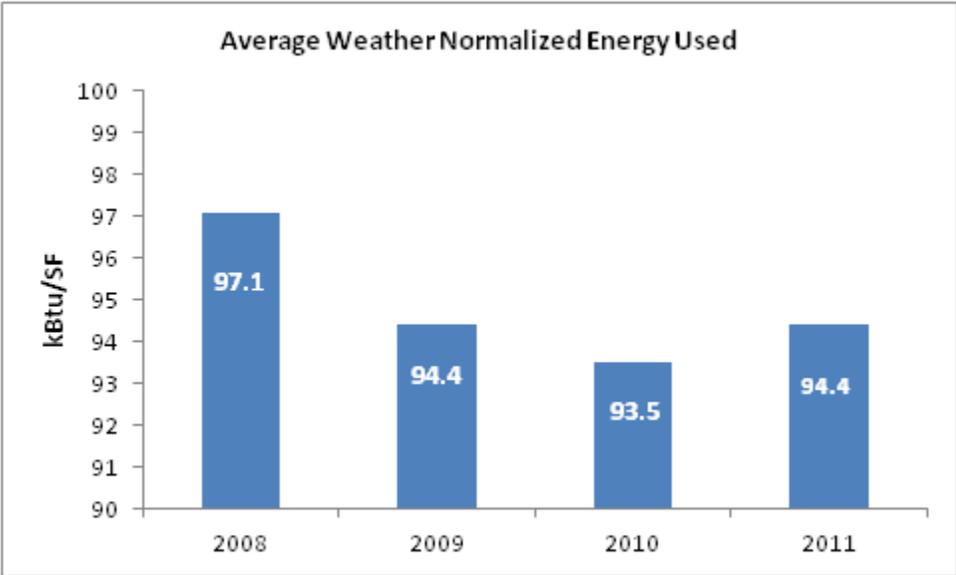
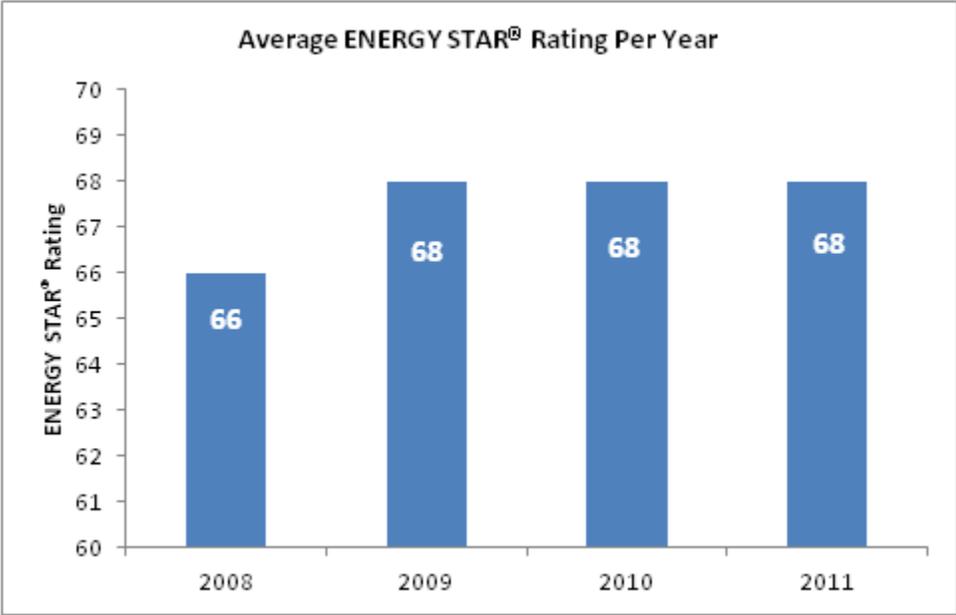
ENERGY STAR is a government-backed program which helps businesses and individuals protect the environment through superior energy efficiency. Portfolio Manager is an interactive online energy management tool that allows us to track energy and water consumption within individual buildings as well as across our entire portfolio. Portfolio Manager provides a wide range of information which helps us identify under-performing buildings, establish investment priorities by focusing on systems impacting energy performance which we control, verify the efficiency of improvements, and receive EPA recognition for superior energy performance. Energy performance is rated on a scale of 1-100 relative to similar buildings nationwide while taking into account the impact of weather variation, as well as changes in the key physical and operating characteristics of each building. A rating of 75 indicates that the building performs better than 75% of all similar buildings nationwide. Buildings rated 75 or greater qualify for the ENERGY STAR Label.

All eligible buildings in our portfolio are continuously rated and benchmarked with the EPA's ENERGY STAR Portfolio Manager tool. Due to the parameters of Portfolio Manager and the utility data necessary to obtain accurate ratings, buildings with the following characteristics are not eligible for benchmarking: 1) less than 50% occupancy and/or held for redevelopment; 2) specialized energy intensive use (e.g. laboratory buildings); and 3) leases where the tenant is responsible for all maintenance and operating costs (i.e. triple net buildings), where Boston Properties does not have access to the tenants' electricity bills. In 2011, our 90 eligible buildings totaling over 30.8 million square feet had an average ENERGY STAR portfolio rating of 68 and an average weather normalized site kBtu/SF of 94.4. In 2010 our 78 eligible buildings totaling over 27.5 million square feet had an average ENERGY STAR portfolio rating of 68 and an average

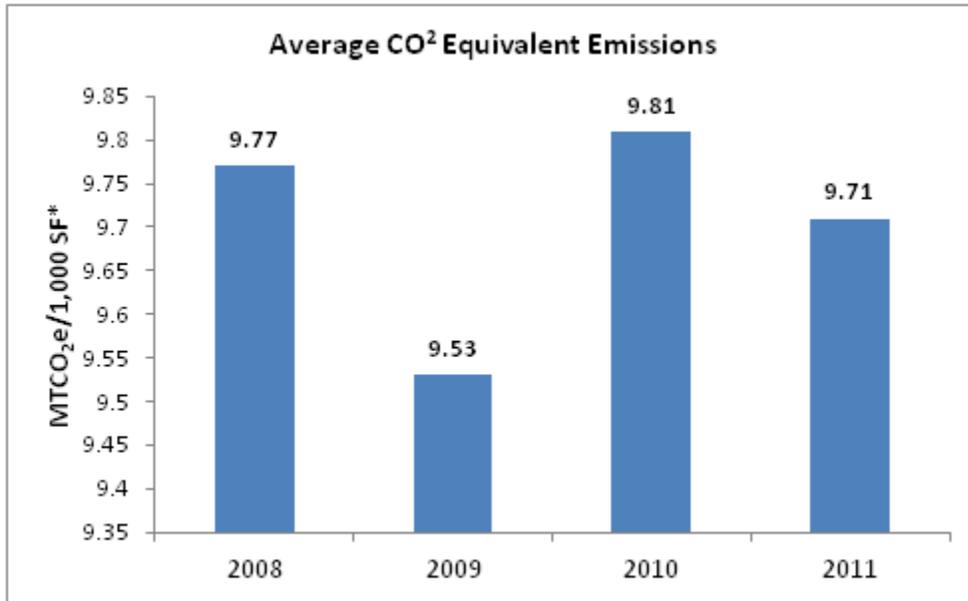
weather normalized site kBtu/SF of 93.5 . The energy usage in our buildings in 2011 was impacted by the addition of new properties and by an increase in occupancy since the data is not adjusted for vacancy levels.

<sup>1</sup> Weather-normalization is an automated process in Portfolio Manager that mathematically adjusts actual energy data so that it represents energy typically used in an average year for the same location. This accounts for weather differences from year to year that may result in abnormally high or low energy consumption.

<sup>2</sup> Site kBtu/SF is a measurement of the amount of heat and electricity consumed by a building as reflected in utility bills. This includes consumption of electricity, natural gas, heating oil, and steam. kBtu/SF is short for one thousand British thermal units per square foot, and is a common metric for the measurement of energy use in buildings.

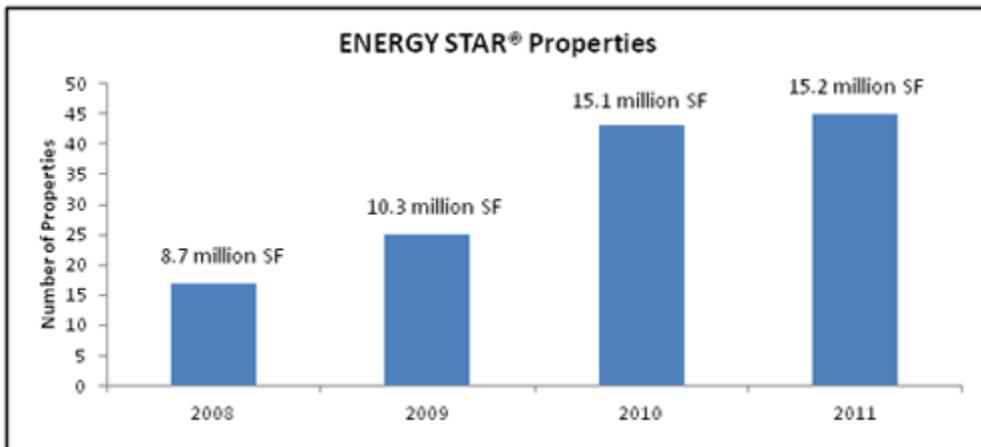


Boston Properties also utilizes Portfolio Manager to track greenhouse gas emissions from energy consumption at the eligible benchmarked buildings. In 2011, these buildings produced on average 9.71 metric tons of carbon dioxide equivalent emissions per 1,000 square feet (MTCO<sub>2</sub>e/1,000 SF). This compares to an average of 9.81 MTCO<sub>2</sub>e/1,000 SF in 2010, 9.53 MTCO<sub>2</sub>e/1,000 SF in 2009 and 9.77 MTCO<sub>2</sub>e/1,000 SF in 2008. In interpreting this data, it should be noted that the energy use and emissions data is not normalized for changes in occupancy or use hours and that the emissions data is also not normalized for weather. As a result, changes in occupancy and near record high average temperatures and heat waves in 2011 and 2010 in many of our regions impacted the average greenhouse gas emissions.



\*Metric Tons of Carbon Dioxide Equivalent Emissions per Square Foot

In 2011, 45 of our properties earned the ENERGY STAR Label indicating their performance is within the top 25% of comparable buildings. These properties account for more than 15 million square feet of energy efficiency excellence. This represented an increase of two buildings, and an additional 125,000 square feet, over our final 2010 count.<sup>3</sup>



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<sup>3</sup> The ENERGY STAR data presented in this report is based on the current ENERGY STAR data reporting methodology and any local government requirements in place at the time of the latest update of this report. Future changes in the reporting methodology and other requirements may result in changes to period-to-period comparisons.

### **Energy Efficiency Projects**

On an annual basis, we identify capital improvement projects and building systems enhancements that have the potential to reduce the use of energy and save water. The identified measures are reviewed and the projects and enhancements that offer material energy or resource savings and meet our investment criteria are implemented. We believe our efforts described below have led to a meaningful reduction in the number of kilowatt-hours (kWh) used in the operation of our properties and a reduction in our operating expenses.

Examples of improvement projects and system enhancements we have implemented over the past several years include the following:

- **Lighting** - We are installing higher efficiency lighting in public spaces, garages, stairways and elevators as well as lighting occupancy sensors in common areas and restrooms.
- **High-Efficiency Motors** - We are installing new variable frequency drives (VFDs), air compressors, chillers and other heating, ventilation and air conditioning (HVAC) system components.
- **Energy Management Systems** - We are replacing and upgrading our energy management systems, including installation of carbon dioxide controls and adjusting temperature set points.
- **Thermal Losses** - We are installing solar reflective window film to reduce solar heat gain, glare and ultraviolet radiation and adding wall and ceiling insulation.
- **Cooling Towers** - We are using high-efficiency fill and distribution pans and implementing programs to minimize use of water and reclaim steam condensate.
- **Water Conservation** - We are upgrading our water treatment, plumbing and irrigation operations and installing low flow bathroom fixtures.
- **LEED® (Leadership in Energy and Environmental Design)**
- Boston Properties is a corporate member of the U.S. Green Building Council® (USGBC®) and participates in its Leadership in Energy and Environmental Design (LEED) certification program. The LEED green building rating system is a voluntary, consensus-based national standard of design guidelines for high performance, sustainable "Green" buildings. The USGBC's LEED certification follows a rigorous registration process which evaluates and awards Certified, Silver, Gold and Platinum ratings to green buildings.
- **LEED® for Core and Shell and New Construction**

- Boston Properties evaluates each new development to determine whether it is physically practical and economically feasible to produce a LEED certified building. Barring unusual use, site or design constraints, we target LEED-Silver or better on all developments.
- From 2008 through 2011, we completed six LEED certified development projects totaling 1.8 million square feet and we are under construction on eight additional LEED projects totaling approximately 3.4 million square feet, representing 100% of our current development projects.
- **LEED® for Core and Shell and New Construction Projects as of January 1, 2012**

Under Construction	Location	SQ Feet	LEED®
510 Madison Avenue	New York, NY	347,000	Gold
250 W. 55th Street	New York, NY	1,000,000	Gold
500 N. Capitol	Washington, DC	232,000	Silver
Atlantic Wharf	Boston, MA	860,000	Platinum
17 Cambridge Center	Cambridge, MA	195,000	Gold
Annapolis Junction Lot 6	Annapolis, MD	120,000	Silver
12310 Sunrise Valley (Patriots Park)	Reston, VA	267,000	Silver
Reston Town Center Residential	Reston, VA	420,000	Silver
Completed Construction	Location	SQ Feet	LEED®
2200 Pennsylvania Avenue	Washington, DC	780,000	Gold
Annapolis Junction	Annapolis, MD	118,000	Gold
Democracy Tower	Reston, VA	235,000	Gold
Weston Corporate Center	Weston, MA	356,000	Platinum
77 CityPoint	Waltham, MA	210,000	Gold
701 Carnegie Center	Princeton, NJ	120,000	Gold

- **LEED® for Existing Buildings**
- In 2009, our first building, Waltham Weston Corporate Center, was certified under the LEED for Existing Buildings (LEED-EB) certification program with a Silver rating. In 2010, 111 Huntington Avenue received a LEED-EB certification with a Gold rating and in 2011 Four Embarcadero Center received a LEED-EB certification with Gold rating. Boston Properties is actively exploring the LEED-EB certification across its regions, and has a Company-wide task force dedicated to exploring opportunities for certification and sharing best practices. Other buildings are currently preparing applications for certification or are being evaluated for certification.
- **LEED® for Commercial Interiors**
- LEED for Commercial Interiors is USGBC's sustainability rating system for tenant improvement design and construction. While we do not control our tenant's interior fit-out decisions, we actively work with our tenants as requested to achieve LEED ratings on commercial interiors as tenants build-out or renovate their space. We have 1.3 million square feet of commercial interior projects either planned or currently under construction that have been designed to achieve LEED certification. As of January 1, 2012, sixteen tenant build-outs have achieved LEED for Commercial Interiors certifications totaling more than 1.4 million square feet of tenant space across our portfolio. Our corporate headquarters in Prudential Tower in Boston received LEED certification in 2010.
- **LEED® for Commercial Interiors Completed**

Level	# of Tenants	Square Feet
Certified	3	231,813
Silver	6	229,958
Gold	7	983,544
<b>Total</b>	<b>16</b>	<b>1,445,315</b>

- **LEED® Education and Training**
- Maintaining and strengthening Boston Properties internal green design, construction, operations capabilities and knowledge base is a key aspect of the Company's overall environmental strategy. Ongoing training and education of our employees is essential to sustainable operations and growth.
- We have made a concerted effort to train and accredit our managers and staff in green design, construction and operations. As of January 1, 2012, 61 managers and staff across our development, construction and property management departments were LEED Accredited Professionals or Green Associates, including more than 60% of the managers and staff in our development and construction departments. In addition, across our five regions our trained property management staff strives to make tenants more aware of energy codes and energy saving opportunities.

- **Recycling and Solid Waste Management**

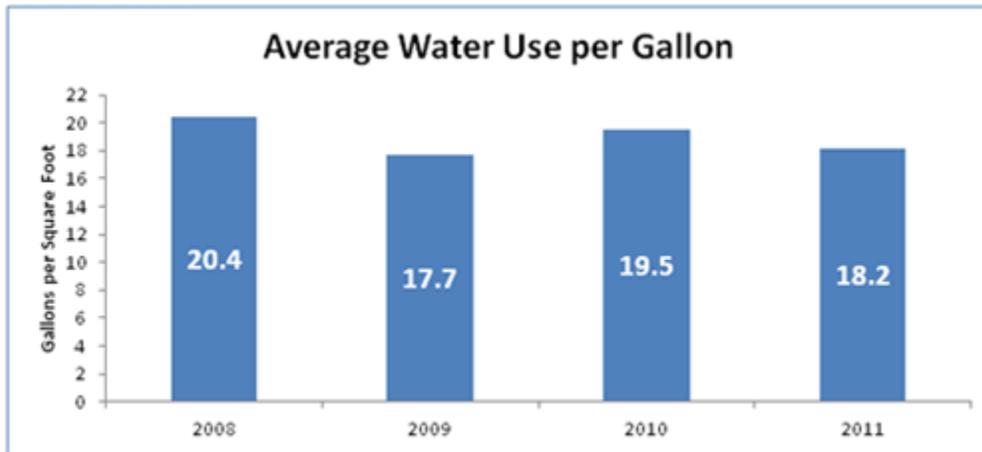
- Boston Properties has worked with its tenants to implement recycling programs for tenant solid waste in all of our regions and as a result more than 50% of office waste by weight is recycled across our portfolio. We also work closely with our vendors and tenants to promote café and restaurant composting and responsible waste management practices.
- To further increase the percentage of recycled materials, our regional teams are working closely with waste management vendors to move towards "single stream" recycling where feasible. Single stream (also known as "fully commingled") recycling refers to a system in which all paper fibers and containers are mixed together, instead of being sorted into separate commodities (newspaper, cardboard, plastic, glass, etc.). Single stream recycling collects more types of recycled materials and results in more recycling because there is no need to separate different types of materials. For example, we have implemented single stream recycling at our New York properties and at the Prudential Center in Boston which has resulted in improved efficiency for our tenants and janitorial staff who collect the building waste and recycled material.
- In San Francisco, our property managers encourage our retail tenants to utilize the city's SF Greasecycle program for free disposal of their cooking oils. This waste product is then recycled into biodiesel fuel.
- In Princeton, we are constructing a central trash and recycling compactor center at our Carnegie Center office park to provide more precise measurements of trash and recycled materials which will help us to implement programs to create a higher diversion rate to recycling and lower our trash removal costs.
- Across several of our regions we support recycling programs for electronic devices so that the computers and cell phones of our tenants are recycled and kept out of landfills.
- We continue to explore other ways to increase recycling throughout our portfolio.

- **Water Conservation**

- Boston Properties continues to find innovative ways to minimize its environmental footprint through reducing water use in its buildings and operations. For example, advanced landscaping irrigation systems are being piloted at several properties that incorporate rain gauges to measure water levels, communicate information

and adjust the amount of water used to maintain the plantings on a daily basis. These systems result in the use of approximately 50% less water. In addition, all of our regions have water conservation programs in place that range from water efficient devices installed on toilets and sinks to managing the frequency of exterior window washing programs.

- We use ENERGY STAR Portfolio Manager to monitor and benchmark water usage in buildings where we have access to water meter data. In 2011 the portfolio had an average water use of 18.2 gallons per square foot. This compares to the 2010 average of 19.5 gallons per square foot, representing a 6.7% reduction in gallons per square foot. It should be noted that these metrics are not adjusted to reflect variations caused by different weather conditions.



### Green Cleaning

All Boston Properties regions have formalized a "Green Cleaning" requirement with their cleaning vendors to minimize the impact of cleaning products on the environment. Aspects of this requirement include using GreenSeal approved cleaning products, HEPA (high efficiency particle air) vacuums, dry cleaning for carpets and restroom supply products made from recycled materials. Utilizing a Green Cleaning program benefits both the janitorial workers within our buildings as well as our tenants because the cleaning methods and products used do not include toxic cleaning chemicals that can cause respiratory and dermatological problems. Indoor air quality is also improved as a result of the use of high efficiency particulate arrestor HEPA vacuums. Our current statistics indicate that approximately 30 million square feet are serviced by more than 900 day and night janitors and porters who are trained in green practices and use GreenSeal certified products.

### Transportation

Boston Properties promotes the use of mass transit by its tenants through on-site events for tenant employees, newsletters and one-on-one meetings with tenant contacts. Our employees across the Company support alternative transportation programs by working with local transportation management authorities and supporting the use of car pooling.

We also encourage the use of mass transit by our employees by subsidizing the purchase of transit passes, vanpools and parking at public transportation stations through our Commuter Benefits program.

More than 75% of the square footage of our properties is located in central business districts with ready access to public transportation. The following options and amenities are available at our buildings to support non-single occupancy vehicle transportation:

Transportation Options	Number of Options
Bike Spaces	2,401
Bike Sharing Program Spaces	50
Bus Stops	179
Subway Stations	25
Car Share Spaces	24
Van Pool Spaces	122
Electric Car Charging Stations	6

### Community Involvement

Through financial contributions, in-kind donations and volunteerism, Boston Properties and its employees make a positive impact on its communities, examples of which are described below.

As a supporter of the United Way, Boston Properties sponsors Community Care Days and other fundraising campaigns. We take great pride in partnering with our employees for fundraising efforts. Our employees have contributed to relief funds for the victims of Hurricane Katrina, the Haiti Earthquake, and the Japan Earthquake and Pacific Tsunami. Donations raised by employees were matched by Boston Properties in each instance.



In the Washington, D.C. area, Boston Properties is a supporter of Reston Interfaith, a local grassroots non-profit organization offering support with dignity to those in a transitional part of their lives. Boston Properties' efforts in

supporting this and other non-profit programs in Reston, Virginia resulted in the Company being awarded Best of Reston in 2011.

In New York we light up our buildings in pink to promote breast cancer awareness in the days leading up to the Susan G. Komen New York City Race for the Cure. Each December as part of its 31 Nights of Light program, Boston Properties lights the top of the Prudential Tower in Boston in different colors to shine a light on the work of numerous charitable organizations.

The Gallery at Atlantic Wharf in Boston provides exhibit space to support the work of local artists and is currently programmed by The Fort Point Arts Community, Inc., a non-profit community organization run by neighborhood artists and volunteers.

In San Francisco we support Jumpstart, a learning program for disadvantaged children, which utilizes the holiday ice skating rink at Justin Hermann Plaza for a day of ice skating, face painting, arts and crafts and literary activities.

Prudential Center in Boston hosts a weekly farmer's market from May to October to provide fresh produce, meats, cheeses and breads to our tenants and the community and support the efforts of local farmers.



In Washington, D.C., Boston Properties was instrumental in the founding of and is a major supporter of Spanish Education Development, a non-profit organization dedicated to designing and implementing educational programs for low income residents of the Washington, D.C. metro area and their families.

Boston Properties is working with the City of Boston and the Green Ribbon Commission to support the Greenovate Boston Campaign by raising awareness of collective sustainability efforts throughout the City to reduce greenhouse gas emissions. Boston Properties has posted signs in its buildings and distributed literature to its tenants featuring green tips and best practices.

At 601 Lexington Avenue in New York, we support the work of community artists through exhibitions in the Galleries in the upper and lower levels of the Atrium Shops and Cafes.



Each year at The Shops at Prudential Center we host a Volunteer Expo featuring over 50 non-profit groups who distribute information about volunteer activities for doing positive things in the community.

In Boston and New York during the spring and fall each year we support Lights Out in our towers to encourage tenants to turn out all lights at night to assist the migration of birds through the area.

Boston Properties is proud that our commitment to environmental stewardship was recognized in 2011 in the city of Boston by the prestigious EPA Environmental Award for Commitment to Sustainability in our buildings and our contributions to the community.

### **Commitment To Quality Workplace**

The commitment of each of our more than 700 employees is vital to our success. We believe that a quality workplace and comprehensive benefit programs are central to establishing and maintaining this commitment.

Boston Properties is an Affirmative Action and Equal Opportunity Employer. We are committed to fair and impartial treatment in all of our relations with employees as well as applicants for employment and to recruit, upgrade, train, and promote in all job titles without regard to race, color, religion, national origin, age, gender, sexual orientation, physical or mental disability, marital status, status as a covered veteran, or any other legally protected characteristic. Managers base employment decisions on the principles of Equal Employment Opportunity, including but not limited to decisions concerning recruiting, hiring, upgrading and career changes, training, promotions (in all job titles), compensation, benefits, layoffs, returns from layoffs, educational tuition assistance, and social and recreational programs. The intention behind our policy is to comply with the law and provide for an Equal Employment Opportunity program that will simultaneously serve the requirements of society, the law, sound business practices, and individual dignity. By this program, Boston Properties wishes to ensure that all employees have the opportunity to make their maximum contribution to Boston Properties and to their own career goals.

We are also committed to maintaining a respectful workplace which includes a working environment that is free from sexual harassment and other types of discriminatory harassment. To reinforce this commitment, the Company has developed a policy against harassment and a reporting procedure for employees who have been subjected to or witnessed harassment. This policy applies to all work-related settings and activities, whether inside or outside the workplace, and includes business trips and business-related social events. In addition, we have developed a comprehensive ethics training program and regularly train employees regarding their obligations under our Code of Business Conduct and Ethics. Our

employees understand their responsibilities with respect to conflicts of interest, fraud, financial reporting, and dealing fairly in our business relationships, among other matters.

The Boston Properties benefits program is designed to meet the changing needs of our diverse workforce and enable us to retain and support our employees and their families. The program is comprehensive and competitive and offers flexibility and choice in coverage. Some of the benefits that we offer our employees are:

- Health and Dental Insurance to support the long-term health of our employees
- 401(k) plan with a matching contribution to help our employees provide for themselves and their families during retirement
- The Boston Properties Scholarship Program to assist our employees with college tuition
- Commuter Subsidy to support the use of public transportation
- Tuition Reimbursement to assist our employees in advancing their careers
- Vacation, Personal and Sick time to allow our employees to deal with the necessities of life

The success of our efforts in the workplace is demonstrated by the long tenure of our employees. More than 35% of our employees have worked at Boston Properties for over 10 years and approximately 10% have worked at the Company more than 20 years.

Our success is the result of the efforts of each of our employees. Our commitment to a quality workplace and quality benefits align our employees with our strategy for success, and helps make them positive contributors to their communities.