What Tenants Want & Are They Willing to Pay for It?

Tenant: Jim Morgensen
Advisor: Lexi Russel
Landlord: Rich Monopoli
Moderator: Laura Guzman
Lexi Russel
What Tenants Want, and What They’re Willing to Pay For

Lexi Russell
Associate Research Director
CBRE
WELLNESS IN OFFICE BUILDING SELECTION

Marginal and strong preference for wellness increased significantly in just one year*

*% of respondents that place offering among the top-three most important

TECH TALENT WORKFORCE SIZE IN 50 U.S./CANADA MARKETS

Large Markets (29)  Small Markets (21)

- CA 329.2k
- NY 254.3k
- D.C. 248.2k
- ON 241.4k
- TX 160.8k
- WA 145.1k
- IL 140.1k
- GA 134.8k
- CA 133.4k
- QC 127.3k
- MA 114k
- CO 99.8k
- TX 94.8k

- MN 91.2k
- MI 84.9k
- AZ 83.9k
- PA 79.1k
- MD 72.6k
- ON 70.6k
- CA 70.1k
- TX 69.6k
- CA 69.5k
- BC 68.5k
- NC 59.4k
- NC 54.2k
- MO 53.3k

- MO 52.8k
- OR 51.7k
- NJ 50.6k
- OH 49.3k
- FL 45.4k
- PA 44.3k
- CA 39.5k
- FL 38.1k
- OH 36.9k
- OH 35.8k
- IN 35.7k
- UT 31.7k
- NY 31.3k

- TX 31.2k
- WI 30.9k
- TN 29.1k
- VA 26.6k
- CT 26.1k
- VA 24.9k
- WI 23.7k
- FL 23.7k
- FL 23.1k
- NY 21.8k
- FL 20.2k

- San Antonio
- Milwaukee
- Nashville
- Norfolk
- Hartford
- Richmond
- Madison
- Ft. Lauderdale
- Miami
- Rochester
- Jacksonville

Urban Land Institute
TECH COMPANY EXPANSION OUTSIDE OF HEADQUARTERS MARKET

18 MSF from Bay area to top 10 markets, past 5 years
TOP 30 TECH MARKETS AND SUBMARKETS
AGGREGATE
ANNUAL AVERAGE ASKING RENT

PSF / Annual

Tech Submarket Rent

Overall Market Rent

13% Premium


$27 $29 $31 $33 $35 $37 $39 $41 $43 $45

Source: CBRE Research, Q2 2018.
HIGHEST AND LOWEST COST MARKETS

Typical 500-Person Tech Company

**Tech Talent Employees**
- 250 (50%)

**Support Non-Tech Employees**
- 213 (42%)

**Management**
- 37 (8%)

### 10 Highest Cost Markets ($ in USD)
- SF Bay: 59.1
- New: 55.5
- Washington: 51.9
- Seattle, WA: 51.6
- Newark, NJ: 49.6
- Boston, MA: 49.2
- Los: 46.6
- Denver: 46.4
- Orange: 45.9
- San: 45.8

### 10 Lowest Cost Markets ($ in USD)
- Montreal: 27.6
- Vancouver: 28.6
- Toronto: 30.2
- Ottawa: 32.2
- Rochester: 36.3
- Jacksonville: 36.7
- Tampa, FL: 36.9
- Salt Lake: 37.2
- Milwaukee: 37.7
- Madison: 37.8

Rich Monopoli
Who We Are: Quick Facts

One of the largest publicly-traded developers, owners and managers of Class A office properties in the U.S.

197 Properties

$2.7 Billion
BXP’s Share of Annualized Revenue

$19.6B
Equity Market Cap

S&P 500
Investment Grade Company

$30.6B
Consolidated Market Cap

51.6M
Square Feet Owned

5.3M
Square Feet Currently under Development/Redevelopment

$821M
Annualized Funds Available for Distribution

1.047%
Total Return Since 1997 IPO
• 3.2x S&P 500
• 2.1x REIT Index

91.4%
Leased (In-Service Properties)

7.5 Years
Average Lease Term

$1.6B
BXP’s Share of Annualized EBITDA

3.2%
5-Year Average Annual Dividend Yield

1. Includes 100% of consolidated and unconsolidated properties.
2. See Appendix.
3. FTSE NAREIT All REITs Index.
4. Excludes residential and hotel properties.
Sustainability
Recognition

- Over 20 million square feet of actively managed green buildings certified at the highest Gold and Platinum Levels
- All new office development projects are pursuing LEED Silver certification or better
- 75 ENERGY STAR certified properties in 2018
- Average score of eligible buildings was 79
- Selected as a Green Lease Leader by the Better Buildings Alliance in 2015, 2016, 2017 and 2018
- Nareit Leader in the Light Award winner in 2014, 2015, 2017 and 2018
Sustainability Goals

32x25 Energy Use Reduction Goal
Reduce energy use intensity, targets a 32% reduction by 2025. Units are kBtu/SF.

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>72.7</td>
<td>76.1</td>
<td>94.9</td>
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</tbody>
</table>

2025 Goal: 64.7 2020 Goal: 80.7

45x25 Greenhouse Gas Reduction Goal
Reduce Scope 1 and Scope 2 greenhouse gas emissions intensity, targets a 45% reduction by 2025. Units are kgCO2e/SF.

<table>
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<tr>
<th>Year</th>
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<th>2016</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5.7</td>
<td>6.3</td>
<td>9.2</td>
</tr>
</tbody>
</table>

2025 Goal: 5.1 2020 Goal: 7.4

30x25 Water Use Reduction Goal
Commitment to reduce water use intensity, targets a 30% reduction by 2025. Units are gallons/SF.

<table>
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<th>2016</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>14.2</td>
<td>15.1</td>
<td>19.3</td>
</tr>
</tbody>
</table>

2025 Goal: 13.5 2020 Goal: 15.4

65x20 Waste Diversion Goal
Increase waste diverted from landfill, targets a 65% diversion rate by 2020. Units are % diverted.

<table>
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<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>60.2</td>
<td>57.3</td>
<td>36.0</td>
</tr>
</tbody>
</table>

2020 Goal: 65

23% 38% 27% 24%
Sustainable Development Goals

We believe that our efforts can contribute to resolving the key issues that the global community faces. Our sustainability policies, practices, and projects are aligned with the direction set by the United Nations Sustainability Development Goals (SDGs).
LOCATION
PLACE
SPACE

Decision Framework
BEFORE

OLD ELEVATORS
OLD RESTROOMS
OLD GLASS LINE

AFTER

NEW ELEVATORS
NEW RESTROOMS
NEW GLASS LINE
30% INCREASE IN VISION GLASS.
Forward-Looking Statements
This presentation contains forward-looking statements within the meaning of the federal securities laws. Please refer to the Appendix for information on how to identify these statements, as well as risks and uncertainties that could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements.

Use of Non-GAAP Financial Measures and Other Definitions
This presentation contains certain non-GAAP financial measures within the meaning of Regulation G and other terms that have particular definitions when used by the Company. The Company’s definitions may differ from those used by other companies and, therefore, may not be comparable. The definitions of these terms and, if applicable, the reasons for their use and reconciliations to the most directly comparable GAAP measures are included in the Appendix.

Projections
This presentation includes projections for full year 2019 diluted earnings per common share (“EPS”) and diluted funds from operations (“FFO”) per share that were previously provided in the Company's most recent earnings release on January 29, 2019. The Company has not updated or reaffirmed any of these projections since that date and is not doing so now by including them in this presentation.

Except as otherwise expressly indicated, all data is as of December 31, 2018.
Jim Morgensen
What Tenants Want Session

ULI’s Tenant Energy Optimization Program (TEOP): a returns-driven, 10-step process to embed energy efficiency decisions into tenant space design and construction

[Diagram showing a 10-step process with icons and descriptions for each step.]

TenantEnergy.uli.org