Risk Factors Comparison 2024-02-27 to 2023-02-27 Form: 10-K

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Set forth below are the risks that we believe are material to our investors and they should be carefully considered. Throughout this section, we refer to the equity and debt securities of both BXP and BPLP as our " securities, " and the investors who own securities of BXP, BPLP or both, as our " securityholders. " These risks are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. This section contains forward- looking statements. You should refer to the explanation of the qualifications and limitations on forward- looking statements beginning on page 58. Risks Related to Our Business and Operations Our performance depends upon the economic conditions, particularly the supply and demand characteristics, of our markets — Boston, Los Angeles, New York, San Francisco, Seattle and Washington, DC. Substantially all of our revenue is derived from properties located in six markets: Boston, Los Angeles, New York, San Francisco, Seattle and Washington, DC. A downturn in the economies of these markets, or the impact that a downturn in the overall national economy may have upon these economies, could result in reduced demand for office space and / or a reduction in rents. Because our portfolio consists primarily of premier workplace buildings (as compared to a more diversified real estate portfolio), a decrease in demand for workplaces in turn could adversely affect our results of operations. Additionally, there are submarkets within our markets that are dependent upon a limited number of industries. For example, in our Washington, DC market, we focus on leasing our properties to governmental agencies and contractors **. In our West Coast market, our leasing is focused on clients in the technology and media industries** , as well as legal firms. **In addition, in our New York market, we have historically leased properties to financial, legal and other professional firms.** A reduction in spending by the Federal Government **, sustained changes in space utilization due to remote work models, and / or a significant downturn in one or more of the foregoing sectors have resulted in, and** could **continue to** result in **,** reduced demand for office space and ~~adversely affect our results of operations. In addition, in our New York market, we have historically leased properties to financial, legal and other professional firms. A significant downturn in one or more of these sectors could~~ adversely affect our results of operations. In addition, a significant economic downturn over a period of time could result in an event or change in circumstances that results in an " other than temporary " impairment in the value of our properties or our investments in unconsolidated joint ventures. An " other than temporary " impairment loss is recognized if the carrying amount of the asset (1) is not recoverable over its expected holding period and (2) exceeds its fair value. **During the year ended December 31, 2023, we recognized an other- than- temporary impairment loss on our investments in four unconsolidated joint ventures aggregating approximately $ 272. 6 million (See Note 6 to the Consolidated Financial Statements).** There can be no assurance that we will not take **additional** charges in the future related to the impairment of our assets or investments. Any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken. ~~Enhanced market~~ **Market** and economic volatility due to adverse economic and geopolitical conditions, health crises or dislocations in the credit markets could have a material adverse effect on our results of operations, financial condition and ability to pay dividends and / or distributions. Our business may be adversely affected by market and economic volatility experienced by the U. S. and global economies, the real estate industry as a whole and / or the local economic conditions in the markets in which our properties are located. Such adverse economic and geopolitical conditions may be due to, among other issues, prolonged labor market challenges impacting the recruitment and retention of talent, continued inflation, high interest rates, ~~and~~ volatility in the public equity and debt markets, and international economic and other conditions, including pandemics, geopolitical instability and other conditions beyond our control. These current conditions, or similar conditions existing in the future, may adversely affect our results of operations, financial condition and ability to pay dividends and / or distributions as a result of the following, among other potential consequences: • the financial condition of our clients may be adversely affected, which may result in client defaults under leases due to bankruptcy, lack of liquidity, lack of funding, operational failures or for other reasons; • significant job losses and / or a sustained shift away from collective in- person work environments or relocations away from the markets in which we operate may occur, which could decrease overall demand for workplaces in the regions in which we operate and cause market rental rates and property values to be negatively impacted; • tightening labor market conditions may adversely affect our ability to recruit and retain talent, which may result in lack of business continuity and increased costs to address the labor challenges; • our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future interest expense; • reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans; • the value and liquidity of our short- term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short- term investments, a dislocation of the markets for our short- term investments, increased volatility in market rates for such investments or other factors; • one or more lenders under our line of credit could refuse to fund their financing commitment to us or could fail and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all; and • to the extent we enter into derivative financial instruments, one or more counterparties to our derivative financial instruments could default on their obligations to us, or could fail, increasing the risk that we may not realize the benefits of these instruments . The outbreak of highly infectious or...... policies, which may increase unreimbursed liabilities . Our success depends on key personnel whose continued service is not guaranteed. We depend on the efforts of key personnel, particularly Owen D. Thomas, Chief Executive Officer, Douglas T.

Linde, President, and Raymond A. Ritchey, Senior Executive Vice President. Among the reasons that Messrs. Thomas, Linde and Ritchey are important to our success is that each has a national reputation, which attracts business and investment opportunities and assists us in negotiations with lenders, joint venture partners and other investors. If we lost their services, our relationships with lenders, potential clients and industry personnel could diminish. Our Chief Financial Officer and Regional Managers also have strong reputations. Their reputations aid us in identifying opportunities, having opportunities brought to us, and negotiating with clients and build- to- suit prospects. While we believe that we could find replacements for these key personnel, the loss of their services could materially and adversely affect our operations because of diminished relationships with lenders, prospective clients and industry personnel. Risks Related to Real Estate Our performance and value are subject to risks associated with our real estate assets and with the real estate industry. Our economic performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our securityholders will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties: • downturns in the national, regional and local economic conditions (particularly increases in unemployment); • changes in client preferences and space utilization from full- time, collective in- person work environments to hybrid or remote work models, which could decrease overall demand for workplaces and cause market rental rates and property values to be negatively impacted; • competition from other office, life sciences, hotel, retail and residential buildings; • local real estate market conditions, such as oversupply or reduction in demand for office, life sciences, hotel, retail or residential space; • changes in interest rates and availability of financing; • vacancies, changes in market rental rates and the need to periodically repair, renovate and re- let space; • delays in completion of development and redevelopment projects due to supply chain disruptions and labor shortages; • increased costs to maintain, renovate and develop our properties related to inflation; • changes in space utilization by our clients due to technology, economic conditions and business culture; • increased operating costs, including insurance expense, utilities, real estate taxes, state and local taxes and heightened security costs; • civil disturbances, earthquakes and other natural disasters or terrorist acts or acts of war which may result in uninsured or underinsured losses or decrease the desirability to our clients in impacted locations; • significant expenditures associated with each investment, such as debt service payments, real estate taxes (including reassessments and changes in tax laws), insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property; • declines in the financial condition of our clients and our ability to collect rents from our clients; and • decreases in the underlying value of our real estate. We face potential adverse effects from major clients' bankruptcies or insolvencies. The bankruptcy or insolvency of a major client may adversely affect the income produced by our properties. Our clients could file for bankruptcy protection or become insolvent in the future. We cannot evict a client solely because of its bankruptcy. On the other hand, a bankrupt client may reject and terminate its lease with us. In such case, our claim against the bankrupt client for unpaid and future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and, even so, our claim for unpaid rent would likely not be paid in full. This shortfall could adversely affect our cash flow and results of operations **. On November 6, 2023, WeWork Inc. and certain of its direct and indirect subsidiaries (collectively, " WeWork ") filed voluntary petitions to commence proceedings under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of New Jersey. As of December 31, 2023, WeWork was one of our 20 largest clients (based on our share of square footage). There can be no assurance that WeWork will not reject one or more of the four leases** . Our properties face significant competition. We face significant competition from developers, owners and managers of office, life sciences and residential properties and other commercial real estate, including sublease space available from our clients. Substantially all of our properties face competition from similar properties in the same market. This competition may affect our ability to attract and retain clients and may reduce the rents we are able to charge. These competing properties may have vacancy rates higher than our properties, which may result in their owners being willing to lease available space at lower rates than the space in our properties. We face potential difficulties or delays renewing leases or re- leasing space. We derive most of our income from rent received from our clients. If a client experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Also, when our clients decide not to renew their leases, renew for less space or terminate early, we may not be able to re- let the space or there could be a substantial delay in re- letting the space. Even if clients decide to renew or lease new space, the terms of renewals or new leases, including the cost of required renovations or concessions to clients, may be less favorable to us than current lease terms. As a result, our cash flow could decrease and our ability to make distributions to our securityholders could be adversely affected. Our actual costs to develop properties may exceed our budgeted costs. We intend to continue to develop and substantially renovate office, life sciences, retail and residential properties. Our current and future development and construction activities may be exposed to the following risks: • we may be unable to proceed with the development of properties because we cannot obtain financing on favorable terms or at all; • we may incur construction costs for a development project that exceed our original estimates due to increased materials, labor, leasing or other costs, increases in interest rates, or supply chain disruptions, any of which could make completion of the project less profitable because market rents may not increase sufficiently to compensate for the increase in construction costs; • we may be unable to obtain, or face delays in obtaining, required zoning, land- use, building, occupancy, and other governmental permits and authorizations, which could result in increased costs and could require us to abandon our activities entirely with respect to a project; • we may abandon development opportunities after we begin to explore them and, as a result, we may lose deposits or fail to recover expenses already incurred; • we may expend funds on and devote management' s time to projects that we do not complete; • we may be unable to complete construction and / or leasing of a property on schedule or at all; and • we may suspend development projects after construction has begun due to changes in economic conditions or other factors, and this may result in the write- off of costs, payment of additional costs or increases in overall costs when the development project is restarted. Investment returns from our developed properties may be less than anticipated. Our developed properties may be exposed to the following risks: • we may lease developed properties at rental rates that are less than projected, or at a slower pace than projected, at the time we decide to undertake the development; • operating expenses and construction costs may be greater than projected at the time of development, resulting in our investment being less profitable than we expected; and • occupancy rates and rents at newly developed properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in our investments being less profitable than we expected or not profitable at all. We face risks associated with the development of mixed- use commercial properties. We operate, are currently developing, and may in the future develop, properties either alone or through joint ventures with other persons that are known as " mixed- use " developments. This means that in addition to the development of office space, the project may also include space for residential, retail, hotel or other commercial purposes. We have less experience in developing and managing non- office and non- retail real estate than we do with office real estate. As a result, if a development project includes a non- office or non- retail use, we may seek to develop that component ourselves, sell the rights to that component to a third- party developer with experience in that use or we may seek to partner with such a developer. If we do not sell the rights or partner with such a developer, or if we choose to develop the other component ourselves, we would be exposed not only to those risks typically associated with the development of commercial real estate generally, but also to specific risks associated with the development and ownership of non- office and non- retail real estate. In addition, even if we sell the rights to develop the other component or elect to participate in the development through a joint venture, we may be exposed to the risks associated with the failure of the other party to complete the development as expected. These include the risk that the other party would default on its obligations necessitating that we complete the other component ourselves (including providing any necessary financing). In the case of residential properties, these risks include competition for prospective residents from other operators whose properties may be perceived to offer a better location or better amenities or whose rent may be perceived as a better value given the quality, location and amenities that the resident seeks. We will also compete against condominiums and single- family homes that are for sale or rent. Because we have less experience with residential properties than with office and retail properties, we expect to retain third parties to manage our residential properties. If we ~~decide to not sell or participate in a joint venture and instead~~ hire a third party manager, we would be dependent on them and their key personnel who provide services to us and we may not find a suitable replacement if the management agreement is terminated, or if key personnel leave or otherwise become unavailable to us. Our use of joint ventures ~~and participation in the Strategic Capital Program~~ may limit our control over and flexibility with jointly owned investments and other assets we may wish to acquire. In appropriate circumstances, we intend to acquire and recapitalize or develop, as applicable, properties in joint ventures with other persons or entities. We currently have joint ventures that are and are not consolidated within our financial statements. Our participation in joint ventures subjects us to risks, including but not limited to, the following risks that: • our joint venture partners may have different objectives than we have regarding the appropriate timing and terms of any sale or refinancing of a property, its operation or, if applicable, the commencement of development activities, and a dispute with any of our joint venture partners could lead to the sale of a partner' s ownership interest in the venture or the property at a time or price that we do not find attractive; • some of our joint ventures are subject to debt and, depending on credit market conditions, the refinancing of such debt may require equity capital calls; • our joint venture partners may be structured differently than us for tax purposes and this could create conflicts of interest, including with respect to our compliance with the REIT requirements, and our REIT status could be jeopardized if any of our joint ventures do not operate in compliance with REIT requirements; • our joint venture partners may have competing interests in our markets that could create conflicts of interest; • our joint venture partners may default on their obligations, which could necessitate that we fulfill their obligations ourselves; • our joint ventures may be unable to repay any amounts that we may loan to them; • our joint venture agreements may contain provisions limiting the liquidity of our interest for sale or sale of the entire asset; • as the general partner or managing member of a joint venture, we could be generally liable under applicable law for the debts and obligations of the venture, and we may not be entitled to contribution or indemnification from our partners; • our joint venture agreements may contain provisions that allow our partners to remove us as the general partner or managing member for cause, and this could result in liability for us to our partners under the governing agreement of the joint venture; **and** • we may need our partner (s)' approval to take certain actions and, therefore, we may be unable to cause a joint venture to implement decisions that we consider advisable ~~; and • with respect to our participation in the co- investment program, we could lose opportunities to pursue properties that are within the program' s target investment criteria alone or with other partners with whom the terms of the joint venture and / or our returns could be more favorable to us~~ . We face the risk that third parties will not be able to service or repay loans we make to them. From time to time, we have loaned and in the future may loan funds to (1) a third- party buyer to facilitate the sale of an asset by us to such third party, or (2) a third party in connection with the formation of a joint venture to acquire and / or develop a property. Making these loans subjects us to the following risks, each of which could have a material adverse effect on our cash flow, results of operations and / or financial condition: • the third party may be unable to make full and timely payments of interest and principal on the loan when due; • if the third- party buyer to whom we provide seller financing does not manage the property well, or the property otherwise fails to meet financial projections, performs poorly or declines in value, then the buyer may not have the funds or ability to raise new debt with which to make required payments of interest and principal to us; • if we loan funds to a joint venture, and the joint venture is unable to make required payments of interest or principal, or both, or there are disagreements with respect to the repayment of the loan or other matters, then we could have a resulting dispute with our partner (s), and such a dispute could harm our relationship (s) with our partner (s) and cause delays in developing or selling the property or the failure to properly manage the property; and • if we loan funds to a joint venture and the joint venture is unable to make required payments of interest and principal, or both, then we may exercise remedies available to us in the joint venture agreement that could allow us to increase our ownership interest or our control over major decisions, or both, which could result in an unconsolidated joint venture becoming consolidated with our financial statement; doing so could require us to reallocate the purchase price among the various asset and liability components and this could result in material changes to our reported results of operations and financial condition. We face risks associated with property acquisitions. We have acquired in the past and intend to continue to pursue the acquisition of properties and portfolios of properties, including large portfolios that could increase our size and result in alterations to our capital structure. Our acquisition activities and their success are subject to the following risks: • even if we enter into an acquisition agreement for a property, we may be unable to complete that acquisition after making a non- refundable deposit and incurring certain other acquisition- related costs; • we may be unable to obtain or assume financing for acquisitions on favorable terms or at all; • acquired properties may fail to perform as expected; • the actual costs of repositioning, redeveloping or maintaining acquired properties may be greater than our estimates; • the acquisition agreement will likely contain conditions to closing, including completion of due diligence investigations to our satisfaction or other conditions that are not within our control, which may not be satisfied; • acquired properties may be located in new markets, either within or outside the United States, where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area, costs associated with opening a new regional office and unfamiliarity with local governmental and permitting procedures; • we may acquire real estate through the acquisition of the ownership entity subjecting us to the risks of that entity; and • we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and this could have an adverse effect on our results of operations and financial condition. We have acquired in the past and in the future may acquire properties through the acquisition of first mortgage or mezzanine debt. Investments in these loans must be carefully structured to ensure that BXP continues to satisfy the various asset and income requirements applicable to REITs. If we fail to structure any such acquisition properly, BXP could fail to qualify as a REIT. In addition, acquisitions of first mortgage or mezzanine loans subject us to the risks associated with the borrower' s default, including potential bankruptcy, and there may be significant delays and costs associated with the process of foreclosure on collateral securing or supporting these investments. There can be no assurance that we would recover any or all of our investment in the event of such a default or bankruptcy. We have acquired in the past and in the future may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in BPLP. This acquisition structure has the effect, among others, of reducing the amount of tax depreciation we can deduct over the tax life of the acquired properties, and typically requires that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and / or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions. Acquired properties may expose us to unknown liability. We may acquire properties or invest in joint ventures that own properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our results of operations and cash flow. Unknown liabilities with respect to acquired properties might include: • liabilities for clean-up of undisclosed environmental contamination; • claims by clients, vendors or other persons against the former owners of the properties; • liabilities incurred in the ordinary course of business; and • claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. Competition for acquisitions may result in increased prices for properties. We plan to continue to acquire properties as we are presented with attractive opportunities. We may face competition for acquisition opportunities with other investors, and this competition may adversely affect us by subjecting us to the following risks: • we may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and private REITs, institutional investment funds and other real estate investors; and • even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price. We may have difficulty selling our properties, which may limit our flexibility. Properties like the ones that we own could be difficult to sell. This may limit our ability to change our portfolio promptly in response to changes in economic or other conditions. In addition, federal tax laws limit our ability to sell properties and this may affect our ability to sell properties without adversely affecting returns to our securityholders. These restrictions reduce our ability to respond to changes in the performance of our investments and could adversely affect our financial condition and results of operations. Our ability to dispose of some of our properties is constrained by their tax attributes. Properties that we developed and have owned for a significant period of time or that we acquired through tax deferred contribution transactions in exchange for partnership interests in BPLP often have low tax bases. Furthermore, as a REIT, BXP may be subject to a 100 % " prohibited transactions " tax on the gain from dispositions of property if BXP is deemed to hold the property primarily for sale to customers in the ordinary course of business, unless the disposition qualifies under a safe harbor exception for properties that have been held for at least two years and with respect to which certain other requirements are met. The potential application of the prohibited transactions tax could cause us to forego potential dispositions of property or other opportunities that might otherwise be attractive to us, or to undertake such dispositions or other opportunities through a taxable REIT subsidiary, which would generally result in income taxes being incurred. If we dispose of these properties outright in taxable transactions, we may be required to distribute a significant amount of the taxable gain to our securityholders under the requirements of the Code applicable to REITs, which in turn would impact our future cash flow and may increase our leverage. In some cases, without incurring additional costs we may be restricted from disposing of properties contributed in exchange for our partnership interests under tax protection agreements with contributors. To dispose of low basis or tax- protected properties efficiently we from time to time use like- kind exchanges, which are intended to qualify for non- recognition of taxable gain, but can be difficult to consummate and result in the property for which the disposed assets are exchanged inheriting their low tax bases and other tax attributes (including tax protection covenants). Because we own a hotel property, we face the risks associated with the hospitality industry. The following factors, among others, are common to the hotel industry, and may reduce the receipts generated by our hotel property: • our hotel property competes for guests with other hotels, a number of which may have greater marketing and financial resources than our hotel- operating business partners; • if there is an increase in operating costs resulting from inflation and other factors, our hotel- operating business partners may not be able to offset such increase by increasing room rates; • our hotel property is subject to the fluctuating and seasonal demands of business travelers and tourism; and • our hotel property is subject to general and local economic and social conditions that may affect demand for travel in general, including **public health concerns,** war and terrorism. In addition, because our hotel property is located in Cambridge, Massachusetts, it is subject to the Cambridge market' s fluctuations in demand, increases in operating costs and increased competition from additions in supply. Failure to comply with Federal Government contractor requirements could result in substantial costs and loss of substantial revenue. As of December 31, ~~2022~~ **2023** , the U. S. Government was one of our largest clients by square feet. We are subject to compliance with a wide variety of complex legal requirements because we are a Federal Government contractor. These laws regulate how we conduct business, require us to administer various compliance programs and require us to impose compliance responsibilities on some of our contractors. Our failure to comply with these laws could subject us to fines, penalties and damages, cause us to be in default of our leases and other contracts with the Federal Government and bar us from entering into future leases and other contracts with the Federal Government. There can be no assurance that these costs and loss of revenue will not have a material adverse effect on our properties, operations or business. Changes in rent control or rent stabilization and eviction laws and regulations in our markets could have a material adverse effect on our residential portfolio' s results of operations and residential property values. Various state and local governments have enacted, and may continue to enact, rent control or rent stabilization laws and regulations or take other actions that could limit our ability to raise rents or charge certain fees, such as pet fees or application fees ~~. We have seen a recent increase in governments considering, or being urged by advocacy groups to consider, rent control or rent stabilization laws and regulations~~ . Depending on the extent and terms of future enactments of rent control or rent stabilization laws and regulations, as well as any lawsuits against us arising from such issues, such future enactments could have a material adverse effect on our residential portfolio' s results of operations and the value of our residential properties. State and local governments may also make changes to eviction and other tenants' rights laws and regulations that could have a material adverse effect on our residential portfolio' s results of operations and the value of our residential properties. If we are restricted from re- leasing apartment units due to the inability to evict delinquent residents, our results of operations and property values for our residential properties may be adversely affected. We did not obtain new owner' s title insurance policies in connection with properties acquired during BXP' s initial public offering. We acquired many of our properties from our predecessors at the completion of BXP' s initial public offering in June 1997. Before we acquired these properties, each of them was insured by a title insurance policy. We did not obtain new owner' s title insurance policies in connection with the acquisition of these properties. To the extent we have financed properties after acquiring them in connection with the initial public offering, we have obtained new title insurance policies, however, the amount of these policies may be less than the current or future value of the applicable properties. Nevertheless, because in many instances we acquired these properties indirectly by acquiring ownership of the entity that owned the property and those owners remain in existence as our subsidiaries, some of these title insurance policies may continue to benefit us. Many of these title insurance policies may be for amounts less than the current or future values of the applicable properties. If there was a title defect related to any of these properties, or to any of the properties acquired at the time of the initial public offering of BXP, that is no longer covered by a title insurance policy, we could lose both our capital invested in and our anticipated profits from such property. We have obtained title insurance policies for all properties that we have acquired after the initial public offering of BXP, however, these policies may be for amounts less than the current or future values of the applicable properties. Some potential losses are not covered by insurance. Our property insurance program per occurrence limits are $ 1. 0 billion for our portfolio insurance program, including coverage for acts of terrorism other than nuclear, biological, chemical or radiological terrorism (" Terrorism Coverage "). We also carry $ 1. 35 billion of property insurance in excess of the $ 1. 0 billion of coverage in our property insurance program for 601 Lexington Avenue, New York, New York, consisting of $ 750 million of property and Terrorism Coverage in excess of our property insurance program and $ 600 million of Terrorism Coverage only in excess of the $ 1. 75 billion of coverage. Certain properties, including the General Motors Building located at 767 Fifth Avenue in New York, New York (" 767 Fifth Avenue "), are currently insured in separate insurance programs. The property insurance program per occurrence limits for 767 Fifth Avenue are $ 1. 625 billion, including Terrorism Coverage. We also currently carry nuclear, biological, chemical and radiological terrorism insurance coverage for acts of terrorism certified under the Federal Terrorism Risk Insurance Act (as amended, " TRIA ") (" NBCR Coverage "), which is provided by IXP as a direct insurer, for the properties in our portfolio, including 767 Fifth Avenue, but excluding certain other properties owned in joint ventures with third parties or which we manage. The per occurrence limit for NBCR Coverage is $ 1. 0 billion. Under TRIA, after the payment of the required deductible and coinsurance, the NBCR Coverage provided by IXP is backstopped by the Federal Government if the aggregate industry insured losses resulting from a certified act of terrorism exceed a " program trigger. " The program trigger is $ 200 million, the coinsurance is 20 % and the deductible is 20 % of the premiums earned by the insurer for the year prior to a claim. If the Federal Government pays out for a loss under TRIA, it is mandatory that the Federal Government recoup the full amount of the loss from insurers offering TRIA coverage after the payment of the loss pursuant to a formula in TRIA. We may elect to terminate the NBCR Coverage if the Federal Government seeks recoupment for losses paid under TRIA, if TRIA is not extended after its expiration on December 31, 2027, if there is a change in our portfolio or for any other reason. We intend to continue to monitor the scope, nature and cost of available terrorism insurance. We also currently carry earthquake insurance on our properties located in areas known to be subject to earthquakes. Specifically, we currently carry earthquake insurance which covers our San Francisco and Los Angeles regions with a $ 330 million per occurrence limit, and a $ 330 million annual aggregate limit, $ 30 million of which is provided by IXP, as a direct insurer. This insurance is subject to a deductible in the amount of ~~3~~ **5** % of the value of the affected property. In addition, we currently carry earthquake insurance which covers our Seattle region with a $ 110 million per occurrence limit, and a $ 110 million annual aggregate limit. This insurance is subject to a deductible in the amount of 2 % of the value of the affected property. The amount of our earthquake insurance coverage may not be sufficient to cover losses from earthquakes. In addition, the amount of earthquake coverage could impact our ability to finance properties subject to earthquake risk. We may discontinue earthquake insurance or change the structure of our earthquake insurance program on some or all of our properties in the future if the premiums exceed our estimation of the value of the coverage. IXP, a captive insurance company which is a wholly- owned subsidiary, acts as a direct insurer with respect to a portion of our earthquake insurance coverage for our Greater San Francisco and Los Angeles properties and our NBCR Coverage. Insofar as we own IXP, we are responsible for its liquidity and capital resources, and the accounts of IXP are part of our consolidated financial statements. In particular, if a loss occurs which is covered by our NBCR Coverage but is less than the applicable program trigger under TRIA, IXP would be responsible for the full amount of the loss without any backstop by the Federal Government. IXP would also be responsible for any recoupment charges by the Federal Government in the event losses are paid out and its insurance policy is maintained after the payout by the Federal Government. If we experience a loss and IXP is required to pay under its insurance policy, we would ultimately record the loss to the extent of the required payment. Therefore, insurance coverage provided by IXP should not be considered as the equivalent of third- party insurance, but rather as a modified form of self- insurance. In addition, BPLP has issued a guarantee to cover liabilities of IXP in the amount of $ 20. 0 million. We continue to monitor the state of the insurance market in general, and the scope and costs of coverage for acts of terrorism, earthquakes ~~and~~ **,** pandemics **and cybersecurity incidents** , in particular, but we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. There are other types of losses, such as from wars, for which we cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes, pandemics or other catastrophic events, if we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Depending on the specific circumstances of each affected property, it is possible that we could be liable for mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect our business and financial condition and results of operations. Actual or threatened terrorist attacks may adversely affect our ability to generate revenues and the value of our properties. We have significant investments in large metropolitan markets that have been or may be in the future the targets of actual or threatened terrorism attacks, including Boston, Los Angeles, New York, San Francisco, Seattle and Washington, DC. As a result, some clients in these markets may choose to relocate their businesses to other markets or to lower- profile office buildings within these markets that may be perceived to be less likely targets of future terrorist activity. This could result in an overall decrease in the demand for office space in these markets generally or in our properties in particular, which could increase vacancies in our properties or necessitate that we lease our properties on less favorable terms or both. In addition, future terrorist attacks in these markets could directly or indirectly damage our properties, both physically and financially, or cause losses that materially exceed our insurance coverage. As a result of the foregoing, our ability to generate revenues and the value of our properties could decline materially. See also " — Some potential losses are not covered by insurance. " We face risks associated with security breaches **,incidents,and compromises** through cyber **-** attacks,cyber intrusions or otherwise,as well as other significant disruptions of our information technology (IT) networks and related systems.We face risks associated with security breaches, **incidents,and compromises,** whether through cyber attacks or cyber intrusions over the internet,malware,computer viruses,attachments to e- mails,persons inside our organization or persons with access to systems inside our organization, **social engineering tactics,** and other significant disruptions of our IT networks and related systems.The risk of a security breach **,incident,compromise,** or disruption,particularly through cyber attack or cyber intrusion,including by computer hackers,foreign governments and cyber terrorists,has generally increased as the number,intensity and sophistication of attempted attacks and intrusions from around the world have increased.Our IT networks and related systems are essential to the operation of our business and our ability to perform day- to- day operations (including managing our building systems **and accounting for our business operations**) and,in some cases,may be critical to the operations of certain of our clients ~~.The Audit Committee of BXP' s Board of Directors oversees our risk management processes related to cybersecurity.It meets no less frequently than annually with our IT personnel and senior management to discuss recent trends in cyber risks and our strategy to defend our IT networks,business systems and information against cyber attacks and intrusions.Under the oversight of the Audit Committee,we established our overall cybersecurity program and its standards by reference to the National Institute of Standards and Technology (" NIST ") Cyber Security Framework.As part of our overall cybersecurity program:• we have implemented a continuous improvement methodology including,but not limited to,ongoing enhancements to processes and controls,quarterly control reviews,annual policy reviews,biannual penetration tests and annual investments in our security infrastructure;• we annually assess our cybersecurity program against the NIST framework and periodically engage an outside consulting firm to conduct the assessment;and • we conduct cybersecurity awareness training at least three times per year for our employees and primary on-site providers,and we conduct ongoing phishing simulations to raise awareness of spoofed or manipulated electronic communications and other critical security threats~~ .Although we make efforts to maintain the security and integrity of our IT networks and related systems,and we have implemented various measures **designed** to manage the risk of a security breach **,incident,compromise** or disruption,there can be no assurance that our security efforts and measures will be effective or that attempted security breaches **,incident,compromise** or disruptions would not be successful or damaging.Even the most well-protected information,networks,systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target,and in some cases,are designed not be detected and,in fact,may not be detected.Accordingly,we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures,and thus it is impossible for us to entirely mitigate this risk.Like other businesses,we have been,and expect to continue to be,subject to attempts at unauthorized access **of our network** ,mishandling or misuse,computer viruses or malware,cyber attacks and intrusions and other events of varying degrees.To date,these events have not ~~adversely~~ **,individually or in the aggregate,materially** affected our operations or business ~~and have not been material,either individually or in the aggregate~~ .However,a security breach **,incident,compromise** or other significant disruption involving our IT networks and related systems could:• disrupt the proper functioning of our networks and systems and therefore our operations and / or those of certain of our clients;• result in misstated financial reports,violations of loan covenants,missed reporting deadlines and / or missed permitting deadlines;• result in our inability to properly monitor our compliance with the rules and regulations regarding BXP' s qualification as a REIT;• result in the unauthorized access to,and destruction,loss,theft,misappropriation or release of,proprietary,confidential,sensitive or otherwise valuable information of ours or others,which others could use to compete against us or which could expose us to damage **and** claims **or threats** by third-parties for disruptive, **destructive or otherwise harmful purposes and outcomes;• result in our inability to maintain the building systems relied upon by our clients for the efficient use of their leased space;• require significant management attention and resources to remedy any damages that result;• subject us to claims for breach of contract,damages,credits,penalties or termination of leases or other agreements or subject us to litigation and regulatory investigations and related fines and penalties;• be uninsured or exceed policy limits,increase operating costs,including insurance expenses,or make future cyber risk coverage unavailable on commercially reasonable terms;and • damage our reputation among our clients and investors generally.Any one or more of the foregoing could have a material adverse effect on our results of operations,financial condition and cash flows.Refer to Part I,Item 1C.Cybersecurity in this Form 10- K for more information.We face risks associated with** our clients and contractual counterparties being designated " Prohibited Persons " by the Office of Foreign Assets Control. Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury (" OFAC ") maintains a list of persons designated as terrorists or who are otherwise blocked or banned (" Prohibited Persons "). OFAC regulations and other laws prohibit conducting business or engaging in transactions with Prohibited Persons (the " OFAC Requirements "). Certain of our loan and other agreements require us to comply with OFAC Requirements. We have established a compliance program whereby clients and others with whom we conduct business are checked against the OFAC list of Prohibited Persons prior to entering into any agreement and on a periodic basis thereafter. Our leases and other agreements, in general, require the other party to comply with OFAC Requirements. If a client or other party with whom we contract is placed on the OFAC list we may be required by the OFAC Requirements to terminate the lease or other agreement. Any such termination could result in a loss of revenue or a damage claim by the other party that the termination was wrongful. **The outbreak of highly infectious or contagious diseases could adversely impact or** cause disruption to our financial condition,results of operations,cash flows and liquidity and that of our clients.Public health crises such as pandemics or similar outbreaks could adversely impact our business. **The full extent to which any future pandemic** ~~For~~ - **or** ~~example~~ **similar outbreak may impact our operations and those of our clients will depend on future developments** , ~~there remains~~ **which are highly** ~~uncertainty~~ -- **uncertain** ~~regarding the degree to which~~ **and cannot be predicted.We have previously experienced adverse impacts on our business from** the COVID- 19 pandemic ~~may continue to adversely impact our business~~ , ~~financial condition,results of operation,cash flows~~ and ~~liquidity,and~~ **factors related to any future public health crises** that **could** ~~of our clients.These uncertainties include the emergence of new virus strains,availability of effective treatment,possible future governmental responses and the severity and duration of the indirect economic and social impacts of the COVID 19- pandemic,such as economic downturn,supply chain disruptions,labor market disruptions,inflation,increasing interest rates,dislocation and volatility in capital markets,job losses and potential longer- term changes in consumer and client behavior.These uncertainties make it impossible for us to predict with certainty the overall impact that COVID- 19 will~~ have ~~on us and our clients prospectively.Factors related to COVID- 19 that have had,or could have,~~ a material adverse effect on our results of operations and financial condition ~~,~~ include:• changes made by companies in response to **a** ~~the COVID- 19~~ pandemic that could lead to a sustained shift away from collective in- person work environments or relocations away from the markets in which we operate,either of which could adversely affect the overall demand for workplaces in the regions in which we operate;• reduced economic activity and / or supply chain disruptions or delays in delivery of products,services or other materials necessary for our clients that impact our clients' businesses,financial condition or liquidity ~~has caused,and~~ may ~~continue to~~ cause,one or more of our clients to be unable to meet their obligations to us,including their ability to make timely rental payments,in full or at all,or to otherwise seek modifications of such obligations,including rent concessions,deferrals or abatements,or to declare bankruptcy.Any one or more of the foregoing could:• reduce our cash flows,• adversely impact our ability to finance,refinance or sell a property,• adversely impact our ability to continue paying distributions to our ~~equityholders~~ **securityholders** at current levels,or at all,and • result in additional legal and other costs to enforce our rights,collect rent and / or re- lease the space occupied by the distressed client;• the degree to which our clients' businesses **are** ~~have been,and continue to be,~~ negatively impacted **could** ~~has required,and may in the future~~ require ~~,~~ us to write- off a client' s accrued rent balance and this could have a material adverse effect on our results of operations and liquidity;• new laws,governmental policies,and similar actions,including legal restrictions on prosecutions,could adversely impact public safety and thereby adversely affect (1) the desirability of clients to lease space in our properties or markets,and (2) businesses' office re- population plans;• the impact of **a pandemic** ~~COVID- 19~~ could result in an event or change in circumstances that results in an impairment in the value of our properties or our investments in unconsolidated joint ventures,and any such impairment could have a material adverse effect on our results of operations in the periods in which the charge is taken;• we may be unable to restructure or amend leases with certain of our clients on terms favorable to us or at all;• the impact and validity of interpretations of lease provisions and applicable laws related to claims by clients regarding their obligations to pay rent as a result of **a pandemic** ~~COVID- 19~~ ,and any adverse court rulings or decisions interpreting these provisions and laws,could have a material adverse effect on our results of operations and liquidity;• the impact of governmental and business travel limitations and restrictions **could** ~~have had,and may in the future have,a material adverse effect on the operator of our hotel property,which negatively impacts our revenues,and may~~ result in **temporary or** sustained **periods of** decreased demand for hotel stays **at our hotel property** ;• the extent of labor shortages,disruptions in the supply chains,inflation impacting costs of materials,delays in permitting or inspections,and other factors could result in our failure to meet the development milestones set forth in any applicable lease agreement,which could provide the **client the right to terminate its lease or entitle the client to monetary damages,delay the commencement or completion of construction and our anticipated lease- up plans for a development / redevelopment project or our overall development pipeline,including recognizing revenue for new leases,that may cause returns on investment to be less than projected,and / or increase the costs of construction of new or existing projects,any of which could adversely affect our investment returns,profitability and / or our future growth;and • the potential that business interruption,loss of rental income and / or other associated expenses related to our operations will not be covered in whole or in part by our insurance policies,which may increase unreimbursed liabilities.** We face risks associated with climate change and severe weather events, as well as the regulatory efforts intended to reduce the effects of climate change. The physical effects of climate change could have a material adverse effect on our properties, operations and business. For example, many of our properties are located along the East and West coasts, particularly those in the central business districts of Boston, Los Angeles, New York, San Francisco, Seattle and Washington, DC. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity, extreme temperatures, rising sea- levels and / or drought. Over time, these conditions could result in declining demand for office space in our buildings or increased costs associated with infrastructure- related remediation projects. Climate change may also have indirect effects on our business by making property insurance unavailable or by increasing the cost of (i) property insurance on terms we find acceptable, (ii) real estate taxes or other assessments, (iii) energy and (iv) property maintenance. In addition, we face transition risks related to federal, state and local legislation and regulations that are being implemented ~~or~~ **,** are under consideration to mitigate the effects of climate change **or that require increased environmental disclosures and reporting** . The costs of complying with evolving regulatory requirements, including GHG emissions regulations and policies, could negatively impact our financial results. For additional discussion regarding our approach to climate resiliency and our continued commitment to transparent reporting of ~~ESG~~ **sustainability** performance indicators, see " Item 1. Business — Business and Growth Strategies — **Sustainability** ~~Environmental, Social and Governance (ESG)~~ " and our annual ~~ESG~~ **Sustainability & Impact** ~~report~~ **Report** available on our website at http: / / www. bxp. com under the heading " Commitment. " Potential liability for environmental contamination could result in substantial costs. Under federal, state and local environmental laws, ordinances and regulations, we may be required to investigate and clean up the effects of releases of hazardous or toxic substances or petroleum products at or migrating from our properties simply because of our current or past ownership or operation of the real estate. If unidentified environmental problems arise, we may have to make substantial payments, which could adversely affect our cash flow and our ability to make distributions to our securityholders, because: as owner or operator we may have to pay for property damage and for investigation and clean- up costs incurred in connection with the contamination; the law typically imposes clean- up responsibility and liability regardless of whether the owner or operator knew of or caused the contamination; even if more than one person may be responsible for the contamination, each person who shares legal liability under the environmental laws may be held responsible for all of the clean- up costs; and governmental entities and third parties may sue the owner or operator of a contaminated site for damages and costs. These costs could be substantial and in extreme cases could exceed the amount of our insurance or the value of the contaminated property. We currently carry environmental insurance in an amount and subject to deductibles that we believe are commercially reasonable. Specifically, we carry a pollution legal liability policy with a $ 20 million limit per incident and a policy aggregate limit of $ 40 million. The presence or migration of hazardous or toxic substances or petroleum products or the failure to properly remediate contamination may give rise to third- party claims for bodily injury, property damage and / or response costs and may materially and adversely affect our ability to borrow against, sell or rent an affected property. In addition, applicable environmental laws create liens on contaminated sites in favor of the government for damages and costs it incurs in connection with contamination. Changes in laws, regulations and practices and their implementation increasing the potential liability for environmental conditions existing at our properties, or increasing the restrictions on the handling, storage or discharge of hazardous or toxic substances or petroleum products or other actions may result in significant unanticipated expenditures. Environmental laws also govern the presence, maintenance and removal of asbestos and other building materials. For example, laws require that owners or operators of buildings containing asbestos: • properly manage and maintain the asbestos; • notify and train those who may come into contact with asbestos; and • undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers. Some of our properties are located in urban and previously developed areas where fill or current or historic industrial uses of the areas have caused site contamination. It is our policy to retain independent environmental consultants to conduct or update Phase I environmental site assessments and asbestos surveys with respect to our acquisition of properties. These assessments generally include a visual inspection of the properties and the surrounding areas, an examination of current and historical uses of the properties and the surrounding areas and a review of relevant state, federal and historical documents, but do not involve invasive techniques such as soil and ground water sampling. Where appropriate, on a property- by- property basis, our practice is to have these consultants conduct additional testing, including sampling for asbestos, for lead and other contaminants in drinking water and, for soil and / or groundwater contamination where underground storage tanks are or were located or where other past site usage creates a potential environmental problem. Even though these environmental assessments are conducted, there is still the risk that: • the environmental assessments and updates did not identify or properly address all potential environmental liabilities; • a prior owner created a material environmental condition that is not known to us or the independent consultants preparing the assessments; • new environmental liabilities have developed since the environmental assessments were conducted; and • future uses or conditions such as changes in applicable environmental laws and regulations could result in environmental liability for us. Inquiries about indoor air quality may necessitate special investigation and, depending on the results, remediation beyond our regular indoor air quality testing and maintenance programs. Indoor air quality issues can stem from inadequate ventilation, chemical contaminants from indoor or outdoor sources, and biological contaminants such as molds, pollen, viruses and bacteria. Indoor exposure to chemical or biological contaminants can be alleged to be connected to allergic reactions or other adverse health effects. If these conditions were to occur at one of our properties, we may be subject to third-party claims for personal injury, or may need to undertake a targeted remediation program, including without limitation, special cleaning measures and steps to increase indoor ventilation rates and eliminate sources of contaminants. Such remediation programs could be costly, necessitate the temporary relocation of some or all of the property' s clients or require rehabilitation of the affected property. Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs. The Americans with Disabilities Act generally requires that certain buildings, including office buildings, residential buildings and hotels, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to our securityholders. Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations. Any future international activities will be subject to special risks and we may not be able to effectively manage our international business. We have underwritten, and in the future may acquire, properties, portfolios of properties or interests in real estate- related entities on a strategic or selective basis in international markets that are new to us. If we acquire properties or platforms located in these markets, we will face risks associated with a lack of market knowledge and understanding of the local economy, forging new business relationships in the area and unfamiliarity with local laws and government and permitting procedures. In addition, our international operations will be subject to the usual risks of doing business abroad such as possible revisions in tax treaties or other laws and regulations, including those governing the taxation of our international income, restrictions on the transfer of funds and uncertainty over terrorist activities. We cannot predict the likelihood that any of these developments may occur. Further, we may in the future enter into agreements with non- U. S. entities that are governed by the laws of, and are subject to dispute resolution in the courts of, another country or region. We cannot accurately predict whether such a forum would provide us with an effective and efficient means of resolving disputes that may arise. Investments in international markets may also subject us to risks associated with funding increasing headcount, integrating new offices, and establishing effective controls and procedures to regulate the operations of new offices and to monitor compliance with U. S. laws and regulations such as the Foreign Corrupt Practices Act and similar foreign laws and regulations, such as the U. K. Bribery Act. We may be subject to risks from potential fluctuations in exchange rates between the U. S. dollar and the currencies of the other countries in which we invest. If we invest in countries where the U. S. dollar is not the national currency, we will be subject to international currency risks from the potential fluctuations in exchange rates between the U. S. dollar and the currencies of those other countries. A significant depreciation in the value of the currency of one or more countries where we have a significant investment may materially affect our results of operations. We may attempt to mitigate any such effects by borrowing in the currency of the country in which we are investing and, under certain circumstances, by hedging exchange rate fluctuations; however, access to capital may be more restricted, or unavailable on favorable terms or at all, in certain locations. For leases denominated in international currencies, we may use derivative financial instruments to manage the international currency exchange risk. We cannot assure you, however, that our efforts will successfully neutralize all international currency risks. Risks Related to Our Indebtedness and Financing ~~An~~ **A sustained** increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt or sell assets on favorable terms or at all. As of February ~~21~~ **20** , ~~2023~~ **2024** , we had $ **2.** 1 ~~. 2~~ billion outstanding indebtedness, excluding our unconsolidated joint ventures, that bears interest at a variable rate, and we may incur more indebtedness in the future. **All of our variable rate debt has all been hedged with interest rates swaps to fix SOFR for all, or a portion of the applicable debt term.** Interest rates increased throughout ~~2022~~ **2023** , and ~~if~~ **may remain elevated throughout 2024. As** interest rates **have** ~~continue to increase~~ **increased** , ~~then so would~~ the interest costs on our unhedged variable rate debt **have also increased** , which **, if sustained or continues to increase,** could adversely affect our cash flow and our ability to pay principal and interest on our debt and our ability to make distributions to our securityholders. Further, rising interest rates could limit our ability to refinance existing debt when it matures or significantly increase our future interest expense. From time to time, we enter into interest rate swap agreements and other interest rate hedging contracts, including swaps, caps and floors. While these agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risk that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly- effective cash flow hedges under guidance included in ASC 815 " Derivatives and Hedging. " In addition, an increase in interest rates could decrease the amounts third- parties are willing to pay for our assets, thereby limiting our ability to change our portfolio promptly in response to changes in economic or other conditions. Covenants in our debt agreements could adversely affect our financial condition. The mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to modify or discontinue insurance coverage. Our unsecured credit facility, unsecured debt securities and certain secured loans contain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt, which we must maintain. Our continued ability to borrow under our credit facilities is subject to compliance with our financial and other covenants. In addition, our failure to comply with such covenants could cause a default under the applicable debt agreement, and we may then be required to repay such debt with capital from other sources. Under those circumstances, other sources of capital may not be available to us, or be available only on unattractive terms. Additionally, in the future our ability to satisfy current or prospective lenders' insurance requirements may be adversely affected if lenders generally insist upon greater insurance coverage against acts of terrorism or losses resulting from earthquakes than is available to us in the marketplace or on commercially reasonable terms. We rely on debt financing, including borrowings under our unsecured credit facility, issuances of unsecured debt securities and debt secured by individual properties, to finance our existing portfolio, our acquisition and development activities and for working capital. If we are unable to obtain debt financing from these or other sources, or to refinance existing indebtedness upon maturity, our financial condition and results of operations would likely be adversely affected. If we breach covenants in our debt agreements, the lenders can declare a default and, if the debt is secured, can take possession of the property securing the defaulted loan. In addition, our unsecured debt agreements contain specific cross- default provisions with respect to specified other indebtedness, giving the unsecured lenders the right to declare a default if we are in default under other loans in some circumstances. Defaults under our debt agreements could materially and adversely affect our financial condition and results of operations. We face risks associated with the use of debt to fund acquisitions and developments, including refinancing risk. We are subject to the risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. We anticipate that only a small portion of the principal of our debt will be repaid prior to maturity. Therefore, we are likely to need to refinance at least a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of our existing debt. If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new equity capital, our cash flow may not be sufficient to repay all maturing debt in years when significant " balloon " payments come due. In addition, we may rely on debt to fund a portion of our new investments such as our acquisition and development activity. There is a risk that we may be unable to finance these activities on favorable terms or at all. These conditions, which increase the cost and reduce the availability of debt, may continue or worsen in the future. We have had and may in the future have agreements with a number of limited partners of BPLP who contributed properties in exchange for partnership interests that require BPLP to maintain for specified periods of time secured debt on certain of our assets and / or allocate partnership debt to such limited partners to enable them to continue to defer recognition of their taxable gain with respect to the contributed property. These tax protection and debt allocation agreements may restrict our ability to repay or refinance debt. As of December 31, ~~2022~~ **2023** , we had one tax protection agreement that could restrict our ability to repay or finance debt. Our degree of leverage could limit our ability to obtain additional financing or affect the market price of our equity and debt securities. As of February ~~21~~ **20** , ~~2023~~ **2024** , our Consolidated Debt was approximately $ ~~14~~ **15** . ~~7~~ **4** billion (excluding unconsolidated joint venture debt). The following table presents Consolidated Market Capitalization as well as the corresponding ratios of Consolidated Debt to Consolidated Market Capitalization (dollars and shares / units in thousands): February ~~21~~ **20** , ~~2023Shares~~ **2024Shares** / Units OutstandingCommon Stock EquivalentEquivalent Value (1) Common ~~Stock156~~ **Stock157** , ~~823 156~~ **011 157** , ~~823~~ **011** $ 10, ~~732~~ **367** , ~~966~~ **436** Common Operating Partnership ~~Units18~~ **Units19** , ~~663 18~~ **196 19** , ~~663~~ **196** 1, ~~277~~ **267** , ~~296~~ **512** (2) Total Equity (A) ~~175~~ **176** , ~~486~~ **207** $ ~~12~~ **11** , ~~010~~ **634** , ~~262~~ **948** Consolidated Debt (B) $ ~~14~~ **15** , ~~707~~ **366** , ~~348~~ **713** Consolidated Market Capitalization (A B) $ ~~26~~ **27** , ~~717~~ **001** , ~~610~~ **661** Consolidated Debt / Consolidated Market Capitalization [B / (A B)] ~~55~~ **56** . ~~05~~ **91** % _______________ (1) Values are based on the closing price per share of BXP' s Common Stock on February ~~21~~ **20** , ~~2023~~ **2024** of $ ~~68~~ **66** . ~~44~~ **03** . (2) Includes LTIP Units (including 2012 OPP Units and earned MYLTIP Units that were granted between 2013- ~~2020~~ **2021**), but excludes MYLTIP Units granted between ~~2021~~ **2022** and ~~2023~~ **2024** because the performance period for those awards has not yet ended. Our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Our senior unsecured debt is currently rated investment grade by two major rating agencies. However, there can be no assurance that we will be able to maintain ~~this~~ **these** ~~rating~~ **ratings** ~~,~~ **. In December 2023** and ~~in~~ **January 2024, our senior debt credit ratings were downgraded, although both remain investment grade. In** the event our senior debt is **further** downgraded from its current ~~rating~~ **ratings** , we would likely incur higher borrowing costs and / or difficulty in obtaining additional financing. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally. There is a risk that changes in our debt to market capitalization ratio, which is in part a function of BXP' s stock price, or BPLP' s ratio of indebtedness to other measures of asset value used by financial analysts may have an adverse effect on the market price of our equity or debt securities ~~. The discontinuation of LIBOR and the replacement of LIBOR with an alternative reference rate may adversely affect our borrowing costs and could impact our business and results of operations. We expect that all LIBOR settings relevant to us will cease to be published or will no longer be representative after June 30, 2023. The discontinuation of LIBOR will not affect our ability to borrow or maintain already outstanding borrowings or hedging transactions, but if our contracts indexed to LIBOR are converted to SOFR, the differences between LIBOR and SOFR, plus the recommended spread adjustment, could result in interest or hedging costs that are higher than if LIBOR remained available. Additionally, although SOFR is the recommended replacement rate, it is also possible that lenders may instead choose alternative replacements that may differ from LIBOR in ways similar to SOFR or in ways that would result in higher interest or hedging costs for us. It is not yet possible to predict the magnitude of LIBOR' s end on our borrowing costs given the remaining uncertainty about which rates will replace LIBOR. As of December 31, 2022, each of the agreements governing our variable rate debt either have been transitioned to SOFR or provide for the replacement of LIBOR if it becomes unavailable during the term of such agreement~~ . We face risks associated with short- term liquid investments. We may invest cash balances in a variety of short- term investments that are intended to preserve principal value and maintain a high degree of liquidity while providing current income. From time to time, these investments may include (either directly or indirectly): • direct obligations issued by the U. S.

Treasury; • obligations issued or guaranteed by the U. S. Government or its agencies; • taxable municipal securities; • obligations (including certificates of deposit) of banks and thrifts; • commercial paper and other instruments consisting of short-term U. S. dollar denominated obligations issued by corporations and banks; • repurchase agreements collateralized by corporate and asset- backed obligations; • both registered and unregistered money market funds; and • other highly rated short- term securities. Investments in these securities and funds are not insured against loss of principal. Under certain circumstances we may be required to redeem all or part of our investment, and our right to redeem some or all of our investment may be delayed or suspended. In addition, there is no guarantee that our investments in these securities or funds will be redeemable at par value. A decline in the value of our investment or a delay or suspension of our right to redeem may have a material adverse effect on our results of operations or financial condition. Risks Related to Our Organization and Structure Conflicts of interest exist with holders of interests in BPLP. Sales of properties and repayment of related indebtedness will have different effects on holders of interests in BPLP than on BXP' s stockholders. Some holders of interests in BPLP could incur adverse tax consequences upon the sale of certain of our properties and on the repayment of related debt which differ from the tax consequences to BXP and its stockholders. Consequently, such holders of partnership interests in BPLP may have different objectives regarding the appropriate pricing and timing of any such sale or repayment of debt. While BXP has exclusive authority under the limited partnership agreement of BPLP to determine when to refinance or repay debt or whether, when, and on what terms to sell a property, subject, in the case of certain properties, to the contractual commitments described below, any such decision would require the approval of BXP' s Board of Directors. While the Board of Directors has a policy with respect to these matters **,** directors and executive officers could exercise their influence in a manner inconsistent with the interests of some, or a majority, of BXP' s stockholders, including in a manner which could prevent completion of a sale of a property or the repayment of indebtedness. Agreement not to sell some properties. We have had and may have in the future agreements with the contributors of properties that we have acquired in exchange for partnership interests in BPLP pursuant to which we have agreed not to sell or otherwise transfer the properties, prior to specified dates, in any transaction that would trigger taxable income to the contributors. In addition, we are responsible for the reimbursement of certain tax- related costs to the prior owners if the subject properties are sold in a taxable sale. In general, our obligations to the prior owners are limited in time and only apply to actual damages suffered. Also, BPLP has had and may have in the future agreements providing prior owners of properties with the right to guarantee specific amounts of indebtedness and, in the event that the specific indebtedness they guarantee is repaid or reduced, additional and / or substitute indebtedness. These agreements may hinder actions that BPLP may otherwise desire to take to repay or refinance guaranteed indebtedness because doing so would require BPLP to make payments to the prior owners if BPLP violates these agreements. Limits on changes in control may discourage takeover attempts beneficial to stockholders. Provisions in BXP' s charter and bylaws, BXP' s shareholder rights agreement and the limited partnership agreement of BPLP, as well as provisions of the Code and Delaware corporate law, may: • delay or prevent a change of control over BXP or a tender offer, even if such action might be beneficial to BXP' s stockholders; and • limit BXP' s stockholders' opportunity to receive a potential premium for their shares of common stock over then- prevailing market prices. Stock Ownership Limit To facilitate maintenance of BXP' s qualification as a REIT and to otherwise address concerns relating to concentration of stock ownership, BXP' s charter generally prohibits ownership, directly, indirectly or beneficially, by any single stockholder of more than 6. 6 % of the number of outstanding shares of any class or series of its common stock. We refer to this limitation as the " ownership limit. " BXP' s Board of Directors may waive, in its sole discretion, or modify the ownership limit with respect to one or more persons if it is satisfied that ownership in excess of this limit will not jeopardize BXP' s status as a REIT for federal income tax purposes. In addition, under BXP' s charter, each of Mortimer B. Zuckerman and the respective families and affiliates of Mortimer B. Zuckerman and Edward H. Linde, as well as, in general, pension plans and mutual funds, may actually and beneficially own up to 15 % of the number of outstanding shares of any class or series of BXP' s equity common stock. Shares owned in violation of the ownership limit will be subject to the loss of rights to distributions and voting and other penalties. The ownership limit may have the effect of inhibiting or impeding a change in control. BPLP' s Partnership Agreement BXP has agreed in the limited partnership agreement of BPLP not to engage in specified extraordinary transactions, including, among others, business combinations, unless limited partners of BPLP other than BXP receive, or have the opportunity to receive, either (1) the same consideration for their partnership interests as holders of BXP 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 BXP common stock received in the transaction. If these limited partners would not receive such consideration, we 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 BXP or its affiliates, consent to the transaction. In addition, BXP has agreed in the limited partnership agreement of BPLP that it will not complete specified extraordinary transactions, including among others, business combinations, in which BXP ~~receive~~ **receives** the approval of its common stockholders unless (1) limited partners holding at least 75 % of the common units of limited partnership interest, other than those held by BXP or its affiliates, consent to the transaction or (2) the limited partners of BPLP 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 BXP' s common stockholders approve a specified extraordinary transaction, the partnership agreement requires the following before it can complete the transaction: • holders of partnership interests in BPLP, including BXP, must vote on the matter; • BXP must vote its partnership interests in the same proportion as its stockholders voted on the transaction; and • the result of the vote of holders of partnership interests in BPLP must be such that had such vote been a vote of stockholders, the business combination would have been approved. With respect to specified extraordinary transactions, BXP has agreed in BPLP' s partnership agreement to use its commercially reasonable efforts to structure such a transaction to avoid causing its limited partners to recognize gain for federal income tax purposes by virtue of the occurrence of or their participation in such a transaction. As a result of these provisions, a potential acquirer may be deterred from making an acquisition proposal, and BXP may be prohibited by contract from engaging in a proposed extraordinary transaction, including a proposed business combination, even though BXP stockholders approve of the transaction. We may change our policies without obtaining the approval of our stockholders. Our operating and financial policies, including our policies with respect to acquisitions of real estate, growth, operations, indebtedness, capitalization and dividends, are exclusively determined by BXP' s Board of Directors. Accordingly, our securityholders do not control these policies. Risks Related to BXP' s Status as a REIT Failure to qualify as a REIT would cause BXP to be taxed as a corporation, which would substantially reduce funds available for payment of dividends. If BXP fails to qualify as a REIT for federal income tax purposes, it will be taxed as a corporation unless certain relief provisions apply. We believe that BXP is organized and qualified as a REIT and intends to operate in a manner that will allow BXP to continue to qualify as a REIT. However, we cannot assure you that BXP is qualified as such, or that it will remain qualified as such in the future. This is because qualification as a REIT involves the application of highly technical and complex provisions of the Code as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT for federal income tax purposes or the federal income tax consequences of such qualification. In addition, we currently hold certain of our properties through subsidiaries that have elected to be taxed as REITs and we may in the future determine that it is in our best interests to hold one or more of our other properties through one or more subsidiaries that elect to be taxed as REITs. If any of these subsidiaries fails to qualify as a REIT for federal income tax purposes, then BXP may also fail to qualify as a REIT for federal income tax purposes. If BXP or any of its subsidiaries that are REITs fails to qualify as a REIT then, unless certain relief provisions apply, it will face serious tax consequences that will substantially reduce the funds available for payment of dividends for each of the years involved because: • BXP would not be allowed a deduction for dividends paid to stockholders in computing its taxable income and would be subject to federal income tax at regular corporate rates; • BXP also could be subject to the federal alternative minimum tax for tax years ending before January 1, 2018 and possibly increased state and local taxes; and • unless BXP is entitled to relief under statutory provisions, BXP could not elect to be subject to tax as a REIT for four taxable years following the year during which it was disqualified. In addition, if BXP fails to qualify as a REIT and the relief provisions do not apply, it will no longer be required to pay dividends. As a result of all these factors, BXP' s failure to qualify as a REIT could impair our ability to raise capital and expand our business, and it would adversely affect the value of BXP' s common stock. If BXP or any of its subsidiaries that are REITs fails to qualify as a REIT but is eligible for certain relief provisions, then it may retain its status as a REIT, but may be required to pay a penalty tax, which could be substantial. In order to maintain BXP' s REIT status, we may be forced to borrow funds during unfavorable market conditions. In order to maintain BXP' s REIT status, we may need to borrow funds on a short- term basis to meet the REIT distribution requirements, even if the then- prevailing market conditions are not favorable for these borrowings. To qualify as a REIT, BXP generally must distribute to its stockholders at least 90 % of its taxable income each year, excluding capital gains and with certain other adjustments. In addition, BXP will be subject to a 4 % nondeductible excise tax on the amount, if any, by which dividends paid in any calendar year are less than the sum of 85 % of ordinary income, 95 % of capital gain net income and 100 % of undistributed income from prior years. We may need short- term debt or long- term debt or proceeds from asset sales, creation of joint ventures or sales of common stock to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of non- deductible capital expenditures, the creation of reserves or required debt or amortization payments. Any inability of our cash flows to cover our distribution requirements could have an adverse impact on our ability to raise short- and long- term debt or sell equity securities in order to fund distributions required to maintain BXP' s REIT status. We may be subject to adverse legislative or regulatory tax changes that could negatively impact our financial condition. At any time, the U. S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended, including with respect to our hotel ownership structure. We cannot predict if or when any new U. S. federal income tax law, regulation, or administrative interpretation, or any amendment to any existing U. S. federal income tax law, Treasury regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. BXP, its taxable REIT subsidiaries, and our securityholders could be adversely affected by any such change in, or any new, U. S. federal income tax law, Treasury regulation or administrative interpretation. We face possible adverse state and local tax audits and changes in state and local tax laws. Because BXP is organized and qualifies as a REIT, it is generally not subject to federal income taxes, but we are subject to certain state and local taxes. In the normal course of business, certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits. Although we believe that we have substantial arguments in favor of our positions in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. Collectively, tax deficiency notices received to date from the jurisdictions conducting the ongoing audits have not been material. However, there can be no assurance that future audits will not occur with increased frequency or that the ultimate result of such audits will not have a material adverse effect on our results of operations. From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for the payment of dividends and distributions to our securityholders. General Risk Factors Changes in market conditions could adversely affect the market price of BXP' s common stock. As with other publicly traded equity securities, the value of BXP' s common stock depends on various market conditions that may change from time to time. Among the market conditions that may affect the value of BXP' s common stock are the following: • the extent of investor interest in our securities; • the general reputation of REITs and the **sentiment towards the office sector and the** attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate- based companies; • our underlying asset value; • investor confidence in the stock and bond markets, generally; • national economic conditions; • changes in tax laws; • our financial performance; • changes in our credit ratings; • differences between the yields paid on other investments available in the market and BXP' s dividend yield; and • general stock and bond market conditions, including changes in interest rates. The market value of BXP' s common stock is based primarily upon the market' s perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, BXP' s common stock may trade at prices that are greater or less than BXP' s net asset value per share of common stock. If our future earnings or cash dividends are less than expected, it is likely that the market price of BXP' s common stock will diminish. Further issuances of equity securities may be dilutive to current securityholders. The interests of our existing securityholders could be diluted if additional equity securities are issued to finance future developments, acquisitions or repay indebtedness. Our ability to execute our business strategy depends on our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including common and preferred equity. The number of shares available for future sale could adversely affect the market price of BXP' s stock. In connection with and subsequent to BXP' s initial public offering, we have completed many private placement transactions in which shares of stock of BXP or partnership interests in BPLP were issued to owners of properties we acquired or to institutional investors. This common stock, or common stock issuable in exchange for such partnership interests in BPLP, may be sold in the public securities markets over time under registration rights we granted to these investors. Additional common stock issuable under our employee benefit and other incentive plans, including as a result of the grant of stock options and restricted equity securities, may also be sold in the market at some time in the future. Future sales of BXP common stock in the market could adversely affect the price of its common stock. We cannot predict the effect the perception in the market that such sales may occur will have on the market price of BXP' s common stock. Our involvement in legal proceedings and other claims may result in substantial monetary and other costs that have a material adverse effect on our results of operations. From time to time, we are involved in legal proceedings and other claims. We may also be named as defendants in lawsuits allegedly arising out of our actions or the actions of our vendors, contractors, clients or other contractual parties in which such parties have agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their respective businesses and / or added as an additional insured under certain insurance policies. An unfavorable resolution of any legal proceeding or other claim could have a material adverse effect on our financial condition or results from operations. Regardless of its outcome, legal proceedings and other claims may result in substantial costs and expenses and significantly divert the attention of our management. With respect to any legal proceeding or other claim, there can be no assurance that we will be able to prevail, or achieve a favorable settlement or outcome, or that our insurance or the insurance and / or any contractual indemnities of our vendors, contractors, clients or other contractual parties will be enough to cover all of our defense costs or any resulting liabilities. We face risks associated with security breaches......, financial condition and cash flows. Changes in accounting pronouncements could adversely affect our operating results, in addition to the reported financial performance of our clients. Accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Uncertainties posed by various initiatives of accounting standard- setting by the Financial Accounting Standards Board and the Securities and Exchange Commission, which create and interpret applicable accounting standards for U. S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. Changes include, but are not limited to, changes in revenue recognition, lease accounting and the adoption of accounting standards likely to require the increased use of " fair- value " measures. These changes could have a material impact on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements. Similarly, these changes could have a material impact on our clients' reported financial condition or results of operations or could affect our clients' preferences regarding leasing real estate.