

BOSTON PROPERTIES INC

Form 10-Q

November 10, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended September 30, 2008

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 1-13087

BOSTON PROPERTIES, INC.

(Exact name of Registrant as specified in its Charter)

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Delaware **04-2473675**
(State or other jurisdiction of incorporation or organization) (IRS Employer Id. Number)
Prudential Center, 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103

(Address of Principal Executive Offices) (Zip Code)

(617) 236-3300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value \$.01 per share (Class)	120,804,847 (Outstanding on November 3, 2008)
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FORM 10-Q

for the quarter ended September 30, 2008

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1 Financial Statements.****BOSTON PROPERTIES, INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited)****(in thousands, except for share and par value amounts)**

	September 30, 2008	December 31, 2007
ASSETS		
Real estate, at cost	\$ 9,434,884	\$ 9,077,528
Real estate held for sale, net		221,606
Construction in process	813,404	700,762
Land held for future development	253,891	249,999
Less: accumulated depreciation	(1,710,875)	(1,531,707)
Total real estate	8,791,304	8,718,188
Cash and cash equivalents	55,597	1,506,921
Cash held in escrows	34,311	186,839
Investments in securities	16,160	22,584
Tenant and other receivables (net of allowance for doubtful accounts of \$3,821 and \$1,901, respectively)	57,554	58,074
Related party note receivable	270,000	
Accrued rental income (net of allowance of \$22,613 and \$829, respectively)	316,411	300,594
Deferred charges, net	314,562	287,199
Prepaid expenses and other assets	44,039	30,566
Investments in unconsolidated joint ventures	973,396	81,672
Total assets	\$ 10,873,334	\$ 11,192,637
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$ 2,282,699	\$ 2,726,127
Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)	1,472,258	1,471,913
Unsecured exchangeable senior notes (net of discount of \$22,494 and \$18,374, respectively)	2,037,506	1,294,126
Unsecured line of credit	319,000	
Accounts payable and accrued expenses	164,986	145,692
Dividends and distributions payable	96,491	944,870
Accrued interest payable	48,705	54,487
Other liabilities	167,646	232,705
Total liabilities	6,589,291	6,869,920
Commitments and contingencies		
Minority interests	639,171	653,892
Stockholders' equity:		
Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding		
Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding		
Common stock, \$.01 par value, 250,000,000 shares authorized, 119,930,768 and 119,581,385 issued and 119,851,868 and 119,502,485 outstanding in 2008 and 2007, respectively	1,199	1,195
Additional paid-in capital	3,317,358	3,305,219

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Earnings in excess of dividends	366,482	394,324
Treasury common stock at cost, 78,900 shares in 2008 and 2007	(2,722)	(2,722)
Accumulated other comprehensive loss	(37,445)	(29,191)
Total stockholders' equity	3,644,872	3,668,825
Total liabilities and stockholders' equity	\$ 10,873,334	\$ 11,192,637

The accompanying notes are an integral part of these financial statements.

Table of Contents**BOSTON PROPERTIES, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	(in thousands, except for per share amounts)			
Revenue				
Rental:				
Base rent	\$ 266,205	\$ 268,277	\$ 828,671	\$ 807,221
Recoveries from tenants	55,968	44,934	154,700	138,003
Parking and other	16,624	16,328	50,442	48,137
Total rental revenue	338,797	329,539	1,033,813	993,361
Hotel revenue	8,482	8,646	24,714	24,690
Development and management services	9,557	5,318	21,494	15,175
Interest and other	212	25,081	16,106	68,274
Total revenue	357,048	368,584	1,096,127	1,101,500
Expenses				
Real estate operating:				
Rental	127,715	113,506	364,551	339,375
Hotel	6,318	6,275	18,664	18,706
General and administrative	18,758	20,189	55,813	53,288
Interest	68,308	69,929	200,711	217,598
Depreciation and amortization	75,321	70,916	224,381	214,609
Net derivative losses	6,318		9,849	
Losses from early extinguishments of debt		2,695		3,417
Total expenses	302,738	283,510	873,969	846,993
Income before minority interests in property partnerships, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains on sales of real estate and discontinued operations				
	54,310	85,074	222,158	254,507
Minority interests in property partnerships	(525)		(1,570)	
Income from unconsolidated joint ventures	2,644	1,390	5,541	19,623
Income before minority interest in Operating Partnership, gains on sales of real estate and discontinued operations	56,429	86,464	226,129	274,130
Minority interest in Operating Partnership	(9,420)	(13,946)	(36,486)	(41,754)
Income before gains on sales of real estate and discontinued operations	47,009	72,518	189,643	232,376
Gains on sales of real estate, net of minority interest	1,497	168,495	26,823	788,855
Income before discontinued operations	48,506	241,013	216,466	1,021,231
Discontinued operations:				
Income from discontinued operations, net of minority interest		1,357		5,342
Gain on sale of real estate from discontinued operations, net of minority interest				173,899
Net income available to common shareholders	\$ 48,506	\$ 242,370	\$ 216,466	\$ 1,200,472
Basic earnings per common share:				
Income available to common shareholders before discontinued operations	\$ 0.40	\$ 2.01	\$ 1.81	\$ 8.50
Discontinued operations, net of minority interest		0.01		1.51

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Net income available to common shareholders	\$	0.40	\$	2.02	\$	1.81	\$	10.01
Weighted average number of common shares outstanding		119,832		119,010		119,708		118,715
Diluted earnings per common share:								
Income available to common shareholders before discontinued operations	\$	0.40	\$	1.98	\$	1.79	\$	8.36
Discontinued operations, net of minority interest				0.01				1.48
Net income available to common shareholders	\$	0.40	\$	1.99	\$	1.79	\$	9.84
Weighted average number of common and common equivalent shares outstanding		121,369		120,655		121,236		120,760

The accompanying notes are an integral part of these financial statements

