BOSTON PROPERTIES INC Form 10-Q November 10, 2008 Table of Contents

# **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)

# Edgar Filing: BOSTON PROPERTIES INC - Form 10-Q

 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 x 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 x
 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 x

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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#### **BOSTON PROPERTIES, INC.**

# FORM 10-Q

# for the quarter ended September 30, 2008

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#### PART I. FINANCIAL INFORMATION

### ITEM 1 Financial Statements.

#### **BOSTON PROPERTIES, INC.**

#### CONSOLIDATED BALANCE SHEETS

#### (Unaudited)

#### (in thousands, except for share and par value amounts)

\$ 9,434,884       \$ 9,077,528         Real estate, text cost       \$ 221,660         Construction in process       \$ 81,344       700,762         Land held for future development       2253,891       2240,999         Less: accumulated depreciation       (1,710,875)       (1,531,707)         Total real estate       8,791,804       \$ 8,718,188         Cash and east equivalents       55,557       1,560,921         Cash and east equivalents       34,311       186,839         Texat and other receivables (net of allowance of doubtful accounts of 33,821 and 51,901, respectively)       75,554       58,074         Related party note receivable       270,000       270,000       270,000         Core receivable       270,000       270,010       270,010       270,010       281,672       287,101       287,101 <th></th> <th colspan="2">September 30, 2008</th> <th>De</th> <th>cember 31, 2007</th>		September 30, 2008		De	cember 31, 2007
Real estate held for sale, net       221,060         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 held in escrows       34,311       186,557         Investments in socurities       55,557       1,556,921         Cash held in escrows       34,311       186,839         Investments in socurities       16,160       22,284         Related party note receivables (net of allowance of \$22,613 and \$829, respectively)       37,554       \$80,791         Accrued rential income (net of allowance of \$22,613 and \$829, respectively)       316,6411       300,594         Deferred charges, net       913,396       81,672         Total assets       \$10,873,334       \$11,192,637         Unscured sensior notes (net of discount of \$2,742 and \$3,087, respectively)       2,037,506       1,294,126         Unscured sensior notes (net of discount of \$2,742 and \$3,087, respectively)       2,037,506       1,294,126         Unscured sensior notes (net of discount of \$2,742 and \$3,087, respectively)       2,037,506       1,294,126         Unscured sexhangeable senino	ASSETS				
Construction in process         813.404         700.702           Land held for future development         253.801         2494999           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 secrows         343.11         1186.839           Investments in secrows         343.11         306.839           Prements in secrows         16,160         22.58.074           Related party note receivables (net of allowance of 22.2.613 and \$829, respectively)         57.554         58.074           Accured rental income (net of allowance of \$22.613 and \$829, respectively)         316.411         300.594           Deferred charges, net         314.562         287.199         30.566           Investments in unconsolidated joint ventures         973.396         81.672         1.192.637           LIABILITIES AND STOCKHOLDERS EQUITY         1.472.288         1.294.126           Liabilities         5         2.88.099         \$ 2.726.127           Unsecured senior notes (net of discount of \$2.742 and \$3.087, respectively)         2.037.506         1.294.126           Unsecured senior notes (net of discount of \$2.742 and \$3.087, respectively)	Real estate, at cost	\$	9,434,884	\$	9,077,528
Land helf for funer development         233,891         249.999           Less: accumulated depreciation         (1,710,875)         (1,531,707)           Total real estate         8,791.304         8,718,188           Cash and each equivalents         55,597         11,506,921           Cash beld in escrows         34,311         166.00         22,584           Investments in securities         34,311         166.00         22,584           Related party note receivable         270,000         -         -           Accrued rental income (net of allowance of \$22,613 and \$829, respectively)         316,611         300,594         -           Deferred charges, net         973,396         81,672         -         -         81,672           Total assets         \$10,873,334         \$11,192,637         -	Real estate held for sale, net				221,606
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 doubtrul accounts of \$3,821 and \$1,901, respectively)       57,554       58,007         Accured rental income (net of allowance of \$22,613 and \$829, respectively)       316,411       300,594         Deferred charges, net       314,452       287,199         Prepaid expenses and other assets       44,039       30,566         Investments in unconsolidated joint ventures       973,336       81,672         LLABILITIES AND STOCKHOLDERS EQUITY         Liabilities:         Mortgage notes payable       2,228,699       \$ 2,726,127         Unsecured in ortes (net of discount of \$2,742 and \$3,087, respectively)       1,472,258       1,471,913         Unsecured in ortes (net of discount of \$2,742 and \$3,087, respectively)       2,037,506       1,294,120         Unsecured in ortes (net of discount of \$2,742 and \$3,087, respectively)       2,037,506       1,294,120         Unsecured ine or credit       319,000       48,705	Construction in process		813,404		700,762
Total read 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         22,554           Tenant and other receivables (net of allowance for doubtful accounts of \$3,821 and \$1,901, respectively)         57,554         58,074           Related party note receivables         270,000         Accrued renal income (net of allowance of \$22,613 and \$829, respectively)         316,6411         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         S1,282,699         \$ 2,726,127           Unsecured Senio 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 \$2,744 and \$18,374, respectively)         2,037,506         1,294,120           Unsecured Exchangeable senior notes (net of discount of \$2,494 and \$18,374, respectively)         2,037,506         1,294,120           Unsecured Exchangeable senior notes (net of discount of \$2,494 and \$18,374, respectively)         2,037,506         1,294,120           Onsecured Line of crecit         319,000         48,705	Land held for future development		253,891		249,999
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         944,039         30,566           Investments in unconsolidated joint ventures         973,396         81,672           Total assets         \$ 10,873,334         \$ 11,192,637           LIABILITIES AND STOCKHOLDERS EQUITY           Liabilities:         -         -           Morgage notes payable         \$ 2,286,099         \$ 2,726,171           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)         2,037,506         1,294,126           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)         2,037,506         1,294,126           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)         2,037,506         1,294,126           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively) <t< td=""><td>Less: accumulated depreciation</td><td></td><td>(1,710,875)</td><td></td><td>(1,531,707)</td></t<>	Less: accumulated depreciation		(1,710,875)		(1,531,707)
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         944,039         30,566           Investments in unconsolidated joint ventures         973,396         81,672           Total assets         \$         10,873,334         \$         11,92,637           LIABILITIES AND STOCKHOLDERS EQUITY           Liabilities:         -         -         -           Mortgage notes payable         \$         2,282,699         \$         2,726,177           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)         1,472,258         1,471,913           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)         2,037,506         1,294,126           Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)         2,037,506         1,294,126           Unse	Total real estate		8,791,304		8,718,188
Cash held in escrows       34,311       186,839         Investments in securities       16,160       22,584         Fennat and other receivables (net of allowance for doubtful accounts of \$3,821 and \$1,901, respectively)       57,554       58,074         Related party note receivables       270,000       316,411       300,594         Accrued rental income (net of allowance of \$22,613 and \$829, respectively)       316,452       287,199         Prepaid expenses and other assets       44,039       30,566         Investments in unconsolidated joint ventures       973,334       \$ 11,192,637         LIABILITIES AND STOCKHOLDERS EQUITY         Liabilities:       5       2,282,699       \$ 2,282,699       \$ 2,276,127         Unsecured exchangeable senior notes (net of discount of \$2,742 and \$3,087, respectively)       1,472,228       1,471,913         Unsecured exchangeable senior notes (net of discount of \$2,2494 and \$18,374, respectively)       2,037,506       1,294,126         Unsecured exchangeable senior notes (net of discount of \$2,2494 and \$18,374, respectively)       2,037,506       1,294,126         Unsecured exchangeable senior notes (net of discount of \$2,2494 and \$18,374, respectively)       2,037,506       1,294,126         Unsecured exchangeable senior notes (net of discount of \$2,2494 and \$18,374, respectively)       316,929       5,487,505         D	Cash and cash equivalents				, ,
Tenant and other receivables (net of allowance for doubtful accounts of \$3,821 and \$1,901, respectively)         \$7,554         \$8,074           Related party note receivable         270,000         76,654         \$8,074           Accrued rental income (net of allowance of \$22,613 and \$829, respectively)         316,6411         300,594           Deferred charges, net         314,562         287,199           Prepaid expenses and other assets         44,039         30,666           Investments in unconsolidated joint ventures         977,3796         \$11,192,637           LIABILITIES AND STOCKHOLDERS EQUITY           Liabilities:         5         2,282,699         \$2,2726,127           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 and accrued expenses         164,986         145,692         164,986           Dividends and distributions payable         96,491         944,870         232,055           Total liabilities         6,589,291         6,869,920         6,869,920           Commitments and contingencies         54,875         54,875         54,875           Total liabilities         6,589,291			34,311		186,839
Tenant and other receivables (net of allowance for doubtful accounts of \$3,821 and \$1,901, respectively)         \$7,554         \$8,074           Related party note receivable         270,000         76,654         \$8,074           Accrued rental income (net of allowance of \$22,613 and \$829, respectively)         316,6411         300,594           Deferred charges, net         314,562         287,199           Prepaid expenses and other assets         44,039         30,666           Investments in unconsolidated joint ventures         977,3796         \$11,192,637           LIABILITIES AND STOCKHOLDERS EQUITY           Liabilities:         5         2,282,699         \$2,2726,127           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 and accrued expenses         164,986         145,692         164,986           Dividends and distributions payable         96,491         944,870         232,055           Total liabilities         6,589,291         6,869,920         6,869,920           Commitments and contingencies         54,875         54,875         54,875           Total liabilities         6,589,291	Investments in securities		· · · · · · · · · · · · · · · · · · ·		,
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         316,410         300,594           Prepaid expenses and other assets         44,039         30,566           Investments in unconsolidated joint ventures         973,396         \$16,72           Total assets         \$10,873,334         \$11,192,637           LIABILITIES AND STOCKHOLDERS EQUITY           Liabilities:           Mortgage notes payable         \$2,282,699         \$2,2726,177           Unsecured exchangeable senior notes (net of discount of \$27,42 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 ine of credit         319,000         464,986         145,692           Dividends and distributions payable         96,491         944,870         54,870           Accrued interst payable         96,589,291         6,869,920         54,877           Other liabilities         6,589,291         6,869,920         53,892           Total liabilities         639,171         653,892         6,869,920	Tenant and other receivables (net of allowance for doubtful accounts of \$3,821 and \$1,901, respectively)		57,554		
Accrued rental income (net of allowance of \$22,613 and \$829, respectively)         316,411         300,594           Deferred charges, net         314,562         287,199           Prepaid express and other assets         44,039         30,566           Investments in unconsolidated joint ventures         973,396         81,672           Total assets         \$ 10,873,334         \$ 11,192,637           LLABILITIES 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 senior notes (net of discount of \$22,494 and \$18,374, respectively)         2,037,506         1,294,126           Unsecured diatributions 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         6,589,291         6,869,920           Commitments and contingencies         5         53,892           Minority interests         639,171         653,892           Stockholders equity:         5         53,892           Excess stoc			270.000		,
Deferred charges, net314,562287,199Prepaid expenses and other assets44,03930,566Investments in unconsolidated joint ventures973,39681,672 <b>LLABILITIES AND STOCKHOLDERS EQUITY</b> Liabilities:Mortgage notes payable\$ 10,873,334\$ 11,192,637 <b>ULABILITIES AND STOCKHOLDERS EQUITY</b> Liabilities:S2,282,699\$ 2,726,127Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)1,472,2581,471,913Unsecured senior notes (net of discount of \$2,2494 and \$18,374, respectively)2,037,5061,294,126Unsecured exchangeable senior notes (net of discount of \$2,2494 and \$18,374, respectively)2,037,5061,294,126Unsecured exchangeable and accrued expenses164,986145,692145,692Dividends and distributions payable96,491944,870348,70554,487Other liabilities6,589,2916,589,2916,869,920Commitments and contingencies639,171653,892Stockholders equity:550,000,000 shares authorized, none issued or outstanding51,1991,195Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding Common stock, \$.01 par value, 250,000,000 shares authorized, 119,930,7881119,581,385 issued and 119,851,868 and 119,502,485 outstanding in 2008 and 2007, respectively1,1991,195			316,411		300,594
Investments in unconsolidated joint ventures973,39681,672Total assets\$ 10,873,334\$ 11,192,637LLABILITIES AND STOCKHOLDERS EQUITYLiabilities:*********************************			314,562		287,199
Investments in unconsolidated joint ventures973,39681,672Total assets\$ 10,873,334\$ 11,192,637LLABILITIES AND STOCKHOLDERS EQUITYLiabilities:*********************************					
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 senior notes (net of discount of \$2,494 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       639,171       653,892         Stockholders equity:       Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding       Frefered stock, \$.01 par value, 250,000,000 shares authorized, 119,930,768 and 119,581,385 issued and 119,851,868       and 119,851,868         and 119,502,485 outstanding in 2008 and 2007, respectively       1,199       1,195			973,396		81,672
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       319,000         Accounts payable and accrued expenses       164,986       145,692         Dividends and distributions payable       96,491       944,870         Accrued interest payable       48,705       5,4487         Other liabilities       167,646       232,705         Total liabilities       6,589,291       6,869,920         Commitments and contingencies       639,171       653,892         Stockholders equity:       Excess stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5         Prefered stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5       5         Common stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5       5         Common stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5       5         Prefered stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5       5	Total assets	\$	10,873,334	\$	11,192,637
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 \$2,494 and \$18,374, respectively)       2,037,506       1,294,126         Unsecured ine of credit       319,000       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       639,171       653,892         Stockholders equity:       Excess stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5         Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5       1,199         Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding       5       1,199         In 19,502,485 outstanding in 2008 and 2007, respectively       1,199       1,195	•				
Unsecured senior notes (net of discount of \$2,742 and \$3,087, respectively)1,472,2581,471,913Unsecured senior notes (net of discount of \$22,494 and \$18,374, respectively)2,037,5061,294,126Unsecured line of credit319,000Accounts payable and accrued expenses164,986145,692Dividends and distributions payable96,491944,870Accrued interest payable48,70554,487Other liabilities167,646232,705Total liabilities6,589,2916,869,920Commitments and contingencies639,171653,892Stockholders equity:Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding Prefered stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding and 119,502,485 outstanding in 2008 and 2007, respectively1,1991,195		<b>.</b>			0.50(105
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Unsecured line of credit319,000Accounts payable and accrued expenses164,986145,692Dividends and distributions payable96,491944,870Accrued interest payable48,70554,487Other liabilities167,646232,705Total liabilities6,589,2916,869,920Commitments and contingencies639,171653,892Stockholders equity:554,487Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding5Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding119,581,385 issued and 119,581,385Common stock, \$.01 par value, 250,000,000 shares authorized, 119,930,768 and 119,581,385 issued and 119,851,8681,199and 119,502,485 outstanding in 2008 and 2007, respectively1,1991,195			, ,		, . ,
Accounts payable and accrued expenses164,986145,692Dividends and distributions payable96,491944,870Accrued interest payable48,70554,487Other liabilities167,646232,705Total liabilities6,589,2916,869,920Commitments and contingencies639,171653,892Stockholders equity:553,892Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding553,892Preferred stock, \$.01 par value, 250,000,000 shares authorized, none issued or outstanding119,581,385 issued and 119,851,3851199In 19,502,485 outstanding in 2008 and 2007, respectively1,1991,1951,199					1,294,126
Dividends and distributions payable96,491944,870Accrued interest payable48,70554,487Other liabilities167,646232,705Total liabilities6,589,2916,869,920Commitments and contingencies639,171653,892Minority interests639,171653,892Stockholders equity:50,000,000 shares authorized, none issued or outstanding50,000,000 shares authorized, none issued or outstandingPreferred stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding119,581,385 issued and 119,581,385 issued and 119,581,385and 119,502,485 outstanding in 2008 and 2007, respectively1,1991,195			,		145 (00
Accrued interest payable48,70554,487Other liabilities167,646232,705Total liabilities6,589,2916,869,920Commitments and contingencies6589,291Minority interests639,171653,892Stockholders equity:55Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding5Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding119,581,385 issued and 119,851,868and 119,502,485 outstanding in 2008 and 2007, respectively1,1991,195					,
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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	Other liabilities		167,646		232,705
Minority interests639,171653,892Stockholders 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, respectively1,1991,195	Total liabilities		6,589,291		6,869,920
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	Commitments and contingencies				
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	Minority interests		639,171		653,892
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					
Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding	1 \$				
Common stock, \$.01 par value, 250,000,000 shares authorized, 119,930,768 and 119,581,385 issued and 119,851,868         1,199         1,195           and 119,502,485 outstanding in 2008 and 2007, respectively         1,199         1,195					
and 119,502,485 outstanding in 2008 and 2007, respectively 1,199 1,195					
Additional paid-in capital         3,317,358         3,305,219			,		,
	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.

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# Table of Contents

# **BOSTON PROPERTIES, INC.**

### CONSOLIDATED STATEMENTS OF OPERATIONS

#### (Unaudited)

	Septen 2008	nths ended nber 30, 2007	Septem 2008				
D	(in tho	usands, excep	t for per share a	amounts)			
Revenue Rental:							
Base rent	\$ 266,205	\$ 268,277	\$ 828,671	\$ 807,221			
Recoveries from tenants	\$ 200,203 55,968	\$ 208,277 44,934	\$ 828,071 154,700	\$ 807,221 138,003			
Parking and other	16,624	16,328	50,442	48,137			
	10,024	10,528	50,442	40,157			
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	8,482 9,557	5,318	24,714	15,175			
Interest and other	212	25,081	16,106	68,274			
	212	23,001	10,100	08,274			
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	, 0,,, 10	9,849	211,007			
Losses from early extinguishments of debt	0,000	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)			
	17 000		100 440	000.07			
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:		1 257		5 2 4 2			
Income from discontinued operations, net of minority interest Gain on sale of real estate from discontinued operations, net of minority interest		1,357		5,342 173,899			
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	0.40	\$	2.02	\$ 1.81	\$ 10.01
Weighted average number of common shares outstanding	119,8	832	11	19,010	119,708	118,715
Diluted earnings per common share: Income available to common shareholders before discontinued operations Discontinued operations, net of minority interest	\$ 0	).40	\$	1.98 0.01	\$ 1.79	\$ 8.36 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	121,3	369	12	20,655	121,236	120,760

The accompanying notes are an integral part of these financial statements

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