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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 March 31, 2006

( ) 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)

Delaware **(State or other jurisdiction of incorporation or organization)**	**04-2473675** **(IRS Employer Id. Number)**
111 Huntington Avenue **Boston, Massachusetts** **(Address of principal executive offices)**	**02199** **(Zip Code)**

Registrant's telephone number, including area code: (617) 236-3300

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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐Non-accelerated filer ☐

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)**	**114,152,792** **(Outstanding on May 5, 2006)**

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BOSTON PROPERTIES, INC.

FORM 10-Q

for the quarter ended March 31, 2006

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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)

	March 31, 2006	December 31, 2005
ASSETS		
Real estate, at cost	$ 8,864,907	$ 8,724,954
Construction in process	107,051	177,576
Land held for future development	189,024	248,645
Less: accumulated depreciation	(1,320,712)	(1,265,073)
Total real estate	7,840,270	7,886,102
Cash and cash equivalents	32,214	261,496
Cash held in escrows	23,715	25,618
Tenant and other receivables (net of allowance for doubtful accounts of $2,301 and $2,519, respectively)	41,458	52,668
Accrued rental income (net of allowance of $1,060 and $2,638, respectively)	316,048	302,356
Deferred charges, net	246,214	242,660
Prepaid expenses and other assets	91,646	41,261
Investments in unconsolidated joint ventures	98,836	90,207
Total assets	$ 8,690,401	$ 8,902,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$ 3,185,550	$ 3,297,192
Unsecured senior notes (net of discount of $3,837 and $3,938, respectively)	1,471,163	1,471,062
Unsecured line of credit	40,000	58,000
Accounts payable and accrued expenses	86,938	109,823
Dividends and distributions payable	95,344	107,643
Accrued interest payable	39,269	47,911
Other liabilities	98,296	154,123
Total liabilities	5,016,560	5,245,754
Commitments and contingencies	—	—
Minority interests	735,185	739,268
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, 112,892,557 and 112,621,162 issued and 112,813,657 and 112,542,262 outstanding in 2006 and 2005, respectively	1,128	1,125
Additional paid-in capital	2,759,580	2,745,719
Earnings in excess of dividends	173,129	182,105
Treasury common stock at cost, 78,900 shares in 2006 and 2005	(2,722)	(2,722)
Accumulated other comprehensive income (loss)	7,541	(8,881)
Total stockholders' equity	2,938,656	2,917,346
Total liabilities and stockholders' equity	$ 8,690,401	$ 8,902,368

The accompanying notes are an integral part of these financial statements

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31,	
	2006	2005
	(in thousands, except for per share amounts)	
Revenue		
Rental:		
Base rent	$276,398	$278,748
Recoveries from tenants	47,193	43,337
Parking and other	13,829	13,925
Total rental revenue	337,420	336,010
Hotel revenue	12,343	12,096
Development and management services	4,376	4,536
Interest and other	1,965	1,631
Total revenue	356,104	354,273
Expenses		
Operating:		
Rental	112,614	108,484
Hotel	11,477	10,809
General and administrative	14,642	14,813
Interest	74,817	79,354
Depreciation and amortization	66,847	67,796
Loss from early extinguishment of debt	467	—
Total expenses	280,864	281,256
Income before minority interest in property partnership, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains on sales of real estate and discontinued operations	75,240	73,017
Minority interest in property partnership	1,236	1,652
Income from unconsolidated joint ventures	1,290	1,335
Income before minority interest in Operating Partnership, gains on sales of real estate and discontinued operations	77,766	76,004
Minority interest in Operating Partnership	(15,470)	(15,677)
Income before gains on sales of real estate and discontinued operations	62,296	60,327
Gains on sales of real estate, net of minority interest	5,441	1,208
Income before discontinued operations	67,737	61,535
Discontinued operations:		
Loss from discontinued operations, net of minority interest	—	(293)
Net income available to common shareholders	$ 67,737	$ 61,242
Basic earnings per common share:		
Income available to common shareholders before discontinued operations	$ 0.60	$ 0.56
Discontinued operations, net of minority interest	—	—
Net income available to common shareholders	$ 0.60	$ 0.56
Weighted average number of common shares outstanding	112,509	110,187
Diluted earnings per common share:		
Income available to common shareholders before discontinued operations	$ 0.59	$ 0.55
Discontinued operations, net of minority interest	—	—
Net income available to common shareholders	$ 0.59	$ 0.55
Weighted average number of common and common equivalent shares outstanding	115,157	112,364

The accompanying notes are an integral part of these financial statements

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
(Unaudited)

	Three months ended March 31,	
	2006	2005
	(in thousands)	
Net income available to common shareholders	$67,737	$61,242
Other comprehensive income:		
Effective portion of interest rate contracts	16,248	—
Amortization of interest rate contracts	174	174
Other comprehensive income	16,422	174
Comprehensive income	$84,159	$61,416

The accompanying notes are an integral part of these financial statements

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended March 31,	
	2006	2005
	(in thousands)	
Cash flows from operating activities:		
Net income available to common shareholders	$ 67,737	$ 61,242
Adjustments to reconcile net income available to common shareholders to net cash provided by operating activities:		
Depreciation and amortization	66,847	68,162
Non-cash portion of interest expense	1,362	1,545
Non-cash compensation expense	2,548	2,305
Loss from early extinguishments of debt	467	—
Minority interest in property partnership	(1,236)	(1,652)
Earnings in excess of distributions from unconsolidated joint ventures	(570)	(681)
Minority interest in Operating Partnership	16,502	15,856
Gains on sales of real estate	(6,473)	(1,445)
Change in assets and liabilities:		
Cash held in escrows	1,903	(858)
Tenant and other receivables, net	11,210	(6,011)
Accrued rental income, net	(13,692)	(20,799)
Prepaid expenses and other assets	(35,071)	(26,038)
Accounts payable and accrued expenses	(8,428)	5,463
Accrued interest payable	(8,642)	(8,683)
Other liabilities	(5,639)	2,920
Tenant leasing costs	(5,850)	(7,679)
Total adjustments	15,238	22,405
Net cash provided by operating activities	82,975	83,647
Cash flows from investing activities:		
Acquisitions/additions to real estate	(67,098)	(66,858)
Net investments in unconsolidated joint ventures	(7,291)	3,376
Net proceeds (payments) from the sales of real estate	(4,821)	5,289
Net cash used in investing activities	(79,210)	(58,193)

The accompanying notes are an integral part of these financial statements

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Unaudited)

	For the three months ended March 31,	
	2006	2005
	(in thousands)	
Cash flows from financing activities:		
Borrowings on unsecured line of credit	195,000	—
Repayments of unsecured line of credit	(213,000)	—
Proceeds from mortgage notes payable	20,278	12,442
Repayments of mortgage notes payable	(131,920)	(13,331)
Proceeds from a real estate financing transaction	—	39,743
Dividends and distributions	(106,771)	(89,429)
Net proceeds from the issuance of common securities	244	264
Proceeds from stock option exercises	2,288	612
Contributions (distributions) from/to minority interest holders, net	861	(5,670)
Deferred financing costs	(27)	(122)
Net cash used in financing activities	(233,047)	(55,491)
Net decrease in cash and cash equivalents	(229,282)	(30,037)
Cash and cash equivalents, beginning of period	261,496	239,344
Cash and cash equivalents, end of period	$ 32,214	$209,307
Supplemental disclosures:		
Cash paid for interest	$ 83,789	$ 87,185
Interest capitalized	$ 1,692	$ 693
Non-cash investing and financing activities:		
Additions to real estate included in accounts payable	$ 12,582	$ 7,722
Dividends and distributions declared but not paid	$ 95,344	$ 91,259
Conversions of Minority interests to Stockholders' equity	$ 2,588	$ 2,230
Basis adjustment to real estate in connection with conversions of Minority interests to Stockholders' equity	$ 6,333	$ 2,947
Issuance of restricted securities to employees and directors	$ —	$ 12,451

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

1. Organization

Boston Properties, Inc. (the "Company"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). The Company is the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership") and at March 31, 2006 owned an approximate 81.0% (80.2% at March 31, 2005) general and limited partnership interest in the Operating Partnership. Partnership interests in the Operating Partnership are denominated as "common units of partnership interest" (also referred to in this report as "OP Units"), "long term incentive units of partnership interest" (also referred to as "LTIP Units") or "preferred units of partnership interest" (also referred to as "Preferred Units").

Unless specifically noted otherwise, all references to OP Units exclude units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon at the time of issuance of OP Units to particular holders that may restrict such redemption right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit for cash equal to the then value of a share of common stock of the Company ("Common Stock"). In lieu of a cash redemption, the Company may elect to acquire such OP Unit for one share of Common Stock. Because the number of shares of Common Stock outstanding at all times equals the number of OP Units that the Company owns, one share of Common Stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of Common Stock. An LTIP Unit is generally the economic equivalent of a share of restricted common stock of the Company. LTIP Units, whether vested or not, will receive the same quarterly per unit distributions as OP Units, which equal per share dividends on Common Stock.

At March 31, 2006, there was one series of Preferred Units outstanding (i.e., Series Two Preferred Units). The Series Two Preferred Units bear a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be converted into OP Units at the election of the holder thereof or the Operating Partnership in accordance with the amendment to the partnership agreement (See also Note 8).

All references to the Company refer to Boston Properties, Inc. and its consolidated subsidiaries, including the Operating Partnership, collectively, unless the context otherwise requires.

Properties

At March 31, 2006, the Company owned or had interests in a portfolio of 123 commercial real estate properties (121 and 125 properties at December 31, 2005 and March 31, 2005, respectively) (the "Properties") aggregating approximately 42.7 million net rentable square feet (approximately 42.0 million and 44.1 million net rentable square feet at December 31, 2005 and March 31, 2005, respectively), including four properties under construction and one redevelopment/expansion project collectively totaling approximately 1.2 million net rentable square feet, and structured parking for approximately 32,925 vehicles containing approximately 9.6 million square feet. At March 31, 2006, the Properties consist of:

- 119 office properties, including 101 Class A office properties (including four properties under construction) and 18 Office/Technical properties;
- two hotels; and
- two retail properties.

The Company owns or controls undeveloped land parcels totaling approximately 522.3 acres. In addition, the Company has a 25% interest in the Boston Properties Office Value-Added Fund, L.P. (the "Value-Added Fund"), which is a strategic partnership with two institutional investors through which the Company intends to

pursue the acquisition of value-added investments in assets within its existing markets. The Company's investments through the Value-Added Fund are not included in its portfolio information or any other portfolio level statistics. At March 31, 2006, the Value-Added Fund had investments in an office complex in Herndon, Virginia and an office property in Chelmsford, Massachusetts.

The Company considers Class A office properties to be centrally located buildings that are professionally managed and maintained, that attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings. The Company considers Office/Technical properties to be properties that support office, research and development, laboratory and other technical uses.

2. Basis of Presentation and Summary of Significant Accounting Policies

Boston Properties, Inc. does not have any other significant assets, liabilities or operations, other than its investment in the Operating Partnership, nor does it have employees of its own. The Operating Partnership, not Boston Properties, Inc., executes all significant business relationships. All majority-owned subsidiaries and affiliates over which the Company has financial and operating control and variable interest entities ("VIE"s) in which the Company has determined it is the primary beneficiary are included in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for all other unconsolidated joint ventures using the equity method of accounting. Accordingly, the Company's share of the earnings of these joint ventures and companies is included in consolidated net income.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year. The year end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosure required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the Company's financial statements and notes thereto contained in the Company's annual report on Form 10-K for its fiscal year ended December 31, 2005.

3. Real Estate Activity During the Three Months Ended March 31, 2006

Development

On January 17, 2006, the Company placed-in-service its Seven Cambridge Center development project located in Cambridge, Massachusetts. Seven Cambridge Center is a fully-leased, build-to-suit project with approximately 231,000 net rentable square feet of office, research laboratory and retail space. The Company has leased 100% of the space to the Massachusetts Institute of Technology for occupancy by its affiliate, the Eli and Edythe L. Broad Institute. On October 1, 2005, the Company had placed-in-service the West Garage phase of the project consisting of parking for approximately 800 cars.

On March 31, 2006, the Company commenced construction of South of Market, a Class A office project consisting of two buildings aggregating approximately 402,000 net rentable square feet located in Reston, Virginia.

Dispositions

On February 23, 2005, the Company sold a parcel of land at the Prudential Center located in Boston, Massachusetts for a net sale price of approximately $31.5 million and an additional obligation of the buyer to

fund approximately $19.6 million of costs at the Prudential Center for aggregate proceeds of $51.1 million. Due to the structure of the transaction and certain continuing involvement provisions related to the development of the property, this transaction did not qualify as a sale for financial reporting purposes and had been accounted for as a financing transaction. On January 3, 2006, the continuing involvement provisions expired and the Company recognized a gain on sale of approximately $4.8 million (net of minority interest share of approximately $0.9 million).

4. **Investments in Unconsolidated Joint Ventures**

The investments in unconsolidated joint ventures consist of the following at March 31, 2006:

Entity	Properties	Nominal % Ownership
Square 407 Limited Partnership	Market Square North	50.0%
The Metropolitan Square Associates LLC	Metropolitan Square	51.0%(1)
BP/CRF 265 Franklin Street Holdings LLC	265 Franklin Street	35.0%
BP/CRF 901 New York Avenue LLC	901 New York Avenue	25.0%(2)
Wisconsin Place Entities	Wisconsin Place	23.9%(3)(4)
Boston Properties Office Value-Added Fund, L.P.	Worldgate Plaza and 300 Billerica Road	25.0%(2)
KEG Associates I, LLC	505 9th Street	50.0%(3)
New York Land Venture	New York Land	50.0%(3)

(1) This joint venture is accounted for under the equity method due to participatory rights of the outside partner.
(2) The Company's economic ownership can increase based on the achievement of certain return thresholds.
(3) The property is not in operation (i.e., under construction or undeveloped land).
(4) Represents the Company's effective ownership interest. The Company has a 66.67%, 5% and 0% interest in the office, retail and residential joint venture entities, respectively, each of which owns a 33.33% interest in the entity developing and owning the land and infrastructure of the project.

Certain of the Company's joint venture agreements include provisions whereby, at certain specified times, each partner has the right to initiate a purchase or sale of its interest in the joint ventures at an agreed upon fair value. Under these provisions, the Company is not compelled to purchase the interest of its outside joint venture partners.

On March 13, 2006, a joint venture in which the Company has a 50% interest acquired a land parcel located in New York City for a purchase price of approximately $6.0 million.

The combined summarized balance sheets of the unconsolidated joint ventures are as follows:

	March 31, 2006	December 31, 2005
	(in thousands)	
ASSETS		
Real estate and development in process, net	$ 743,049	$ 733,908
Other assets	67,785	67,654
Total assets	$ 810,834	$ 801,562
LIABILITIES AND MEMBERS'/PARTNERS' EQUITY		
Mortgage and notes payable(1)	$ 587,455	$ 587,727
Other liabilities	17,755	18,717
Members'/Partners' equity	205,624	195,118
Total liabilities and members'/partners' equity	$ 810,834	$ 801,562
Company's share of equity	$ 96,133	$ 87,489
Basis differentials(2)	2,703	2,718
Carrying value of the Company's investments in unconsolidated joint ventures	$ 98,836	$ 90,207

(1) The Company and its third-party joint venture partners in the Wisconsin Place Entities have guaranteed the seller financing totaling $15.5 million related to the acquisition of the land by the Land and Infrastructure Entity. The fair value of the Company's stand-ready obligation related to the issuance of this guarantee is immaterial.

(2) This amount represents the aggregate difference between the Company's historical cost basis reflected and the basis reflected at the joint venture level, which is typically amortized over the life of the related asset. Basis differentials occur primarily upon the transfer of assets that were previously owned by the Company into a joint venture. In addition, certain acquisition, transaction and other costs may not be reflected in the net assets at the joint venture level.

The combined summarized statements of operations of the joint ventures are as follows:

	For the three months ended March 31,	
	2006	2005
	(in thousands)	
Total revenue	$25,216	$23,448
Expenses		
Operating	8,539	7,496
Interest	8,568	7,913
Depreciation and amortization	6,066	4,812
Total expenses	23,173	20,221
Net income	$ 2,043	$ 3,227
Company's share of net income	$ 1,290	$ 1,335

5. Mortgage Notes Payable

On January 31, 2006, the Company repaid the mortgage loan collateralized by its 101 Carnegie Center property located in Princeton, New Jersey totaling approximately $6.6 million using available cash. There was no prepayment penalty associated with the repayment. The mortgage loan bore interest at a fixed rate of 7.66% per annum and was scheduled to mature on April 1, 2006.

On February 24, 2006, the Company repaid the construction financing collateralized by its Seven Cambridge Center property located in Cambridge, Massachusetts totaling approximately $112.5 million using approximately $7.5 million of available cash and $105.0 million drawn under the Company's Unsecured Line of Credit. There was no prepayment penalty associated with the repayment. The Company recognized a loss from early extinguishment of debt totaling approximately $0.5 million consisting of the write-off of unamortized deferred financing costs. The construction financing bore interest at a variable rate equal to LIBOR plus 1.10% per annum and was scheduled to mature in April 2007.

During 2005, the Company entered into forward-starting interest rate swap contracts which fix the ten-year treasury rate for a financing in February 2007 at a weighted-average rate of 4.34% per annum on notional amounts aggregating $500.0 million. The swaps go into effect in February 2007 and expire in February 2017. The Company entered into the interest rate swap contracts designated and qualifying as a cash flow hedges to reduce its exposure to the variability in future cash flows attributable to changes in the Treasury rate in contemplation of obtaining ten-year fixed-rate financing in early 2007. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), as amended and interpreted, establishes accounting and reporting standards for derivative instruments. The Company has formally documented all of its relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. The Company also assesses and documents, both at the hedging instrument's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows associated with the hedged items. All

components of the forward-starting interest rate swap contracts were included in the assessment of hedge effectiveness. At March 31, 2006, derivatives with a fair value of $22.3 million were included in Prepaid Expenses and Other Assets within the Company's Consolidated Balance Sheets. For the three months ended March 31, 2006, the Company has recorded the changes in fair value of the swap contracts related to the effective portion of the interest rate contracts totaling approximately $16.2 million in Accumulated Other Comprehensive Income (Loss) within the Company's Consolidated Balance Sheets. The accumulated comprehensive income (loss) will be reclassified to interest expense over the term of the forecasted fixed-rate debt. The Company does not expect to reclassify any amounts recorded within Accumulated Other Comprehensive Income (Loss) relating to the forward-starting interest rate swap contracts within the next twelve months.

6. Unsecured Line of Credit

On May 19, 2005, the Company modified its $605.0 million unsecured revolving credit facility (the "Unsecured Line of Credit") by extending the maturity date from January 17, 2006 to October 30, 2007, with a provision for a one-year extension at the option of the Company, subject to certain conditions, and by reducing the per annum variable interest rate on outstanding balances from Eurodollar plus 0.70% to Eurodollar plus 0.65% per annum. Under the Unsecured Line of Credit, a facility fee equal to 15 basis points per annum is payable in quarterly installments. The interest rate and facility fee are subject to adjustment in the event of a change in the Operating Partnership's unsecured debt ratings. The Unsecured Line of Credit involves a syndicate of lenders. The Unsecured Line of Credit contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loan advances to the Company at a reduced Eurodollar rate. The Company had an outstanding balance on the Unsecured Line of Credit of $265.0 million at March 31, 2006, of which $225.0 million is collateralized by the Company's 599 Lexington Avenue property and therefore is included in Mortgage Notes Payable in the Company's Consolidated Balance Sheets.

The terms of the Unsecured Line of Credit require that the Company maintain a number of customary financial and other covenants on an ongoing basis, including: (1) a leverage ratio not to exceed 60%, however for a single period of not more than five consecutive quarters the leverage ratio can exceed 60% (but may not exceed 65%), (2) a secured debt leverage ratio not to exceed 55%, (3) a fixed charge coverage ratio of at least 1.40, (4) an unsecured leverage ratio not to exceed 60%, (5) a minimum net worth requirement, (6) an unsecured interest coverage ratio of at least 1.75 and (7) limitations on permitted investments, development, partially owned entities, business outside of commercial real estate and commercial non-office properties.

7. Commitments and Contingencies

General

In the normal course of business, the Company guarantees its performance of services or indemnifies third parties against its negligence.

The Company has letter of credit and performance obligations of approximately $15.5 million related to lender and development requirements.

The Company and its third-party joint venture partners have guaranteed the seller financing totaling $15.5 million related to the acquisition of the land by the WP Project Developer LLC, the Land and Infrastructure Entity of the Wisconsin Place joint venture entities.

The Company's agreement for its Citigroup Center consolidated joint venture includes a provision whereby, after a certain specified time, the joint venture partner has the right to initiate a purchase or sale of its interest in the joint venture. Under this provision, the Company is compelled to purchase, at fair value, the joint venture partner's interest. Certain of the Company's other joint venture agreements include provisions whereby, at certain specified times, each partner has the right to initiate a purchase or sale of its interest in the joint ventures.

Under these other provisions, the Company is not compelled to purchase the interest of its outside joint venture partners.

Insurance

The Company carries insurance coverage on its properties of types and in amounts and with deductibles that it believes are in line with coverage customarily obtained by owners of similar properties. In response to the uncertainty in the insurance market following the terrorist attacks of September 11, 2001, the Federal Terrorism Risk Insurance Act, or TRIA, was enacted in November 2002 to require regulated insurers to make available coverage for certified acts of terrorism (as defined by the statute) through December 31, 2004, which date was extended to December 31, 2005 by the United States Department of Treasury on June 18, 2004 and which date was further extended to December 31, 2007 by the Terrorism Risk Insurance Extension Act of 2005 (the "TRIA Extension Act"). TRIA expires on December 31, 2007, and the Company cannot currently anticipate whether it will be extended. Effective as of March 1, 2006, the Company's property insurance program per occurrence limits were decreased from $1 billion to $800 million, including coverage for both "certified" and "non-certified" acts of terrorism by TRIA. The amount of such insurance available in the market has decreased because of the natural disasters which occurred during 2005. The Company also carries nuclear, biological, chemical and radiological terrorism insurance coverage ("NBCR Coverage") for "certified" acts of terrorism as defined by TRIA, which is provided by IXP, Inc. as a direct insurer. Effective as of March 1, 2006, the Company extended the NBCR Coverage to March 1, 2007, excluding the Company's Value-Added Fund properties. Effective as of March 1, 2006, the per occurrence limit for NBCR Coverage was decreased from $1 billion to $800 million. Under TRIA, after the payment of the required deductible and coinsurance the NBCR Coverage is backstopped by the Federal Government if the aggregate industry insured losses resulting from a certified act of terrorism exceed a "program trigger." Under the TRIA Extension Act (a) the program trigger is $5 million through March 31, 2006, $50 million from April 1, 2006 through December 31, 2006 and $100 million from January 1, 2007 through December 31, 2007 and (b) the coinsurance is 10% through December 31, 2006 and 15% through December 31, 2007. The Company may elect to terminate the NBCR Coverage when the program trigger increases on January 1, 2007, if there is a change in its portfolio or for any other reason. The Company intends to continue to monitor the scope, nature and cost of available terrorism insurance and maintain insurance in amounts and on terms that are commercially reasonable.

The Company also currently carries earthquake insurance on its properties located in areas known to be subject to earthquakes in an amount and subject to self-insurance that the Company believes are commercially reasonable. In addition, this insurance is subject to a deductible in the amount of 5% of the value of the affected property. Specifically, the Company currently carries earthquake insurance which covers its San Francisco portfolio with a $120 million per occurrence limit and a $120 million aggregate limit, $20 million of which is provided by IXP, Inc., as a direct insurer. The amount of the Company's earthquake insurance coverage may not be sufficient to cover losses from earthquakes. As a result of increased costs of coverage and limited availability, the amount of third-party earthquake insurance that the Company may be able to purchase on commercially reasonable terms may be reduced. In addition, the Company may discontinue earthquake insurance on some or all of its properties in the future if the premiums exceed the Company's estimation of the value of the coverage.

In January 2002, the Company formed a wholly-owned taxable REIT subsidiary, IXP, Inc., or IXP, to act as a captive insurance company and be one of the elements of the Company's overall insurance program. IXP acts as a direct insurer with respect to a portion of the Company's earthquake insurance coverage for its Greater San Francisco properties and the Company's NBCR Coverage for "certified acts of terrorism" under TRIA. Insofar as the Company owns IXP, it is responsible for its liquidity and capital resources, and the accounts of IXP are part of the Company's consolidated financial statements. In particular, if a loss occurs which is covered by the Company's 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. If the Company experiences a loss and IXP is required to pay under its insurance policy, the Company would ultimately record the loss to the extent of IXP's 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.

The Company continues to monitor the state of the insurance market in general, and the scope and costs of coverage for acts of terrorism in particular, but the Company 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 or the presence of mold at the Company's properties, for which the Company cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes or other catastrophic events, if the Company experiences a loss that is uninsured or that exceeds policy limits, the Company 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 the Company could be liable for mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect the Company's business and financial condition and results of operations.

8. Minority Interests

Minority interests relate to the interest in the Operating Partnership not owned by the Company and interests in property partnerships not wholly-owned by the Company. As of March 31, 2006, the minority interest in the Operating Partnership consisted of 21,167,704 OP Units, 374,119 LTIP Units and 3,701,335 Series Two Preferred Units (or 4,857,395 OP Units on an as converted basis) held by parties other than the Company.

The minority interests in property partnerships consist of the outside equity interests in the ventures that own Citigroup Center and the office entity at Wisconsin Place. These ventures are consolidated with the financial results of the Company because the Company exercises control over the entities that own the properties. The equity interests in these ventures that are not owned by the Company, totaling approximately $17.6 million and $18.0 million at March 31, 2006 and December 31, 2005, respectively, are included in Minority Interests on the accompanying Consolidated Balance Sheets. The minority interest holder's share of income for Citigroup Center is reflective of the Company's preferential return on and of its capital.

The Preferred Units at March 31, 2006 consist solely of 3,701,335 Series Two Preferred Units, which bear a preferred distribution equal to the greater of (1) the distribution which would have been paid in respect of the Series Two Preferred Unit had such Series Two Preferred Unit been converted into an OP Unit (including both regular and special distributions) or (2) an increasing rate, ranging from 5.00% to 7.00% per annum (7.00% for the three months ended March 31, 2006 and 2005) on a liquidation preference of $50.00 per unit, and are convertible into OP Units at a rate of $38.10 per Preferred Unit (1.312336 OP Units for each Preferred Unit). Distributions to holders of Preferred Units are recognized on a straight-line basis that approximates the effective interest method.

During the three months ended March 31, 2006, 210,020 OP Units were presented by the holders for redemption and were redeemed by the Company in exchange for an equal number of shares of Common Stock. The aggregate book value of the OP Units that were redeemed, as measured for each OP Unit on the date of its redemption, was approximately $2.6 million. The difference between the aggregate book value and the purchase price of these OP Units was approximately $6.3 million, which increased the recorded value of the Company's net assets.

On January 30, 2006, the Operating Partnership paid a distribution on the OP Units and LTIP Units in the amount of $0.68 per unit to holders of record on December 30, 2005.

On February 15, 2006, the Operating Partnership paid a distribution on its outstanding Series Two Preferred Units of $4.17323 per unit, which amount includes the impact of the special cash distribution on the OP Units and LTIP Units declared by Boston Properties, Inc., as general partner of the Operating Partnership, in July 2005 and paid on October 31, 2005.

On March 17, 2006, Boston Properties, Inc., as general partner of the Operating Partnership, declared a distribution on the OP Units and LTIP Units in the amount of $0.68 per unit payable on April 28, 2006 to holders of record on March 31, 2006.

9. Stockholders' Equity

As of March 31, 2006, the Company had 112,813,657 shares of Common Stock outstanding.

During the three months ended March 31, 2006, the Company issued 210,020 shares of its Common Stock in connection with the redemption of an equal number of OP Units.

On January 30, 2006, the Company paid a dividend in the amount of $0.68 per share of Common Stock to shareholders of record as of the close of business on December 30, 2005.

On March 17, 2006, the Company's Board of Directors declared a dividend in the amount of $0.68 per share of Common Stock payable on April 28, 2006 to shareholders of record as of the close of business on March 31, 2006.

10. Discontinued Operations

Effective January 1, 2002, the Company adopted the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lesser of (1) book value or (2) fair value less cost to sell. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions.

The Company did not sell any operating properties during the three months ended March 31, 2006. During the year ended December 31, 2005, the Company sold the following operating properties:

- Old Federal Reserve, a Class A office property totaling approximately 150,000 net rentable square feet located in San Francisco, California;
- 100 East Pratt Street, a Class A office property totaling approximately 639,000 net rentable square feet located in Baltimore, Maryland;
- Riverfront Plaza, a Class A office property totaling approximately 910,000 net rentable square feet located in Richmond, Virginia;
- Residence Inn by Marriott®, a 221-room extended-stay hotel property located in Cambridge, Massachusetts;
- 40-46 Harvard Street, an industrial property totaling approximately 152,000 net rentable square feet located in Westwood, Massachusetts; and
- Embarcadero Center West Tower, a Class A office property totaling approximately 475,000 net rentable square feet located in San Francisco, California.

Due to the Company's continuing involvement in the management, for a fee, of the 100 East Pratt Street, Riverfront Plaza and Embarcadero Center West Tower properties through agreements with the buyers, these properties are not categorized as discontinued operations in the accompanying Consolidated Statements of Operations. The Company has presented the other properties listed above as discontinued operations in its Consolidated Statements of Operations for the three months ended March 31, 2005, as applicable.

The following table summarizes loss from discontinued operations (net of minority interest) for the three months ended March 31, 2006 and 2005:

	For the three months ended March 31,	
	2006	2005
	(in thousands)	
Total revenue	$—	$ 1,919
Operating expenses	—	(1,904)
Depreciation and Amortization	—	(366)
Minority interest in Operating Partnership	—	58
Loss from discontinued operations (net of minority interest)	$—	$ (293)

The Company's application of SFAS No. 144 results in the presentation of the net operating results of these qualifying properties sold during 2005 as loss from discontinued operations. The application of SFAS No. 144 does not have an impact on net income available to common shareholders. SFAS No. 144 only impacts the presentation of these properties within the Consolidated Statements of Operations.

11. Earnings Per Share

Earnings per share ("EPS") has been computed pursuant to the provisions of SFAS No. 128. The following table provides a reconciliation of both the net income and the number of common shares used in the computation of basic EPS, which is calculated by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period. During 2004, the Company adopted EITF 03-6 "Participating Securities and the Two-Class Method under FASB 128" ("EITF 03-6"), which provides further guidance on the definition of participating securities. Pursuant to EITF 03-6, the Operating Partnership's Series Two Preferred Units, which are reflected as Minority Interests in the Company's Consolidated Balance Sheets, are considered participating securities and are included in the computation of basic and diluted earnings per share of the Company if the effect of applying the if-converted method is dilutive. The terms of the Series Two Preferred Units enable the holders to obtain OP Units of the Operating Partnership, as well as Common Stock of the Company. Accordingly, for the reporting periods in which the Operating Partnership's net income is in excess of distributions paid on the OP Units, LTIP Units and Series Two Preferred Units, such income is allocated to the OP Units, LTIP Units and Series Two Preferred Units in proportion to their respective interests and the impact is included in the Company's consolidated basic and diluted earnings per share computation due to its holding of the Operating Partnership's securities. There were no amounts required to be allocated to the Series Two Preferred Units for the three months ended March 31, 2006 and 2005. Other potentially dilutive common shares, including securities of the Operating Partnership that are exchangeable for the Company's Common Stock, and the related impact on earnings, are considered when calculating diluted EPS.

	For the three months ended March 31, 2006		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except for per share amounts)		
Basic Earnings:			
Income available to common shareholders before discontinued operations	$ 67,737	112,509	$ 0.60
Discontinued operations, net of minority interest	—	—	—
Net income available to common shareholders	67,737	112,509	0.60
Effect of Dilutive Securities:			
Stock Based Compensation	—	2,648	(0.01)
Diluted Earnings:			
Net income	$ 67,737	115,157	$ 0.59

	For the three months ended March 31, 2005		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except for per share amounts)		
Basic Earnings:			
Income available to common shareholders before discontinued operations	$ 61,535	110,187	$ 0.56
Discontinued operations, net of minority interest	(293)	—	(0.00)
Net income available to common shareholders	61,242	110,187	0.56
Effect of Dilutive Securities:			
Stock Based Compensation	—	2,177	(0.01)
Diluted Earnings:			
Net income	$ 61,242	112,364	$ 0.55

12. Segment Information

The Company's segments are based on the Company's method of internal reporting which classifies its operations by both geographic area and property type. The Company's segments by geographic area are Greater Boston, Greater Washington, D.C., Midtown Manhattan, Greater San Francisco and New Jersey. Segments by property type include: Class A Office, Office/Technical and Hotels.

Asset information by segment is not reported because the Company does not use this measure to assess performance. Therefore, depreciation and amortization expense is not allocated among segments. Interest and other income, development and management services, general and administrative expenses, interest expense, depreciation and amortization expense, minority interest in property partnership, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains on sales of real estate (net of minority interest), loss from discontinued operations (net of minority interest) and loss from early extinguishment of debt are not included in Net Operating Income as the internal reporting addresses these items on a corporate level.

Net Operating Income is not a measure of operating results or cash flows from operating activities as measured by accounting principles generally accepted in the United States of America, and it is not indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not calculate Net Operating Income in the same manner. The Company considers Net Operating Income to be an appropriate supplemental measure to net income because it helps both investors and management to understand the core operations of the Company's properties.

Information by geographic area and property type:

Three months ended March 31, 2006 (dollars in thousands):

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey	Total
Rental Revenue:						
Class A	$75,057	$ 53,334	$135,406	$ 46,538	$ 16,785	$327,120
Office/Technical	6,494	3,806	—	—	—	10,300
Hotels	12,343	—	—	—	—	12,343
Total	93,894	57,140	135,406	46,538	16,785	349,763
% of Total	26.84%	16.34%	38.71%	13.31%	4.80%	100.00%
Operating Expenses:						
Class A	29,451	14,416	42,778	16,531	7,261	110,437
Office/Technical	1,423	754	—	—	—	2,177
Hotels	11,477	—	—	—	—	11,477
Total	42,351	15,170	42,778	16,531	7,261	124,091
% of Total	34.13%	12.23%	34.47%	13.32%	5.85%	100.00%
Net Operating Income	$51,543	$ 41,970	$ 92,628	$ 30,007	$ 9,524	$225,672
% of Total	22.84%	18.60%	41.04%	13.30%	4.22%	100.00%

Three months ended March 31, 2005 (dollars in thousands):

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey	Total
Rental Revenue:						
Class A	$74,093	$ 63,676	$126,613	$ 49,223	$ 16,554	$330,159
Office/Technical	2,164	3,687	—	—	—	5,851
Hotels	12,096	—	—	—	—	12,096
Total	88,353	67,363	126,613	49,223	16,554	348,106
% of Total	25.38%	19.35%	36.37%	14.14%	4.76%	100.00%
Operating Expenses:						
Class A	26,344	17,680	39,112	17,160	6,851	107,147
Office/Technical	536	801	—	—	—	1,337
Hotels	10,809	—	—	—	—	10,809
Total	37,689	18,481	39,112	17,160	6,851	119,293
% of Total	31.60%	15.49%	32.79%	14.38%	5.74%	100.00%
Net Operating Income	$50,664	$ 48,882	$ 87,501	$ 32,063	$ 9,703	$228,813
% of Total	22.14%	21.37%	38.24%	14.01%	4.24%	100.00%

The following is a reconciliation of net operating income to net income available to common shareholders:

	Three months ended March 31,	
	2006	2005
	(in thousands)	
Net operating income	$ 225,672	$ 228,813
Add:		
Development and management services income	4,376	4,536
Interest and other income	1,965	1,631
Minority interest in property partnership	1,236	1,652
Income from unconsolidated joint ventures	1,290	1,335
Gains on sales of real estate, net of minority interest	5,441	1,208
Less:		
General and administrative expense	(14,642)	(14,813)
Interest expense	(74,817)	(79,354)
Depreciation and amortization expense	(66,847)	(67,796)
Loss from early extinguishment of debt	(467)	—
Minority interest in Operating Partnership	(15,470)	(15,677)
Loss from discontinued operations, net of minority interest	—	(293)
Net income available to common shareholders	$ 67,737	$ 61,242

13. Newly Issued Accounting Standards

In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments— an Amendment of FASB Statements No. 133 and 140” (“SFAS No. 155”). The purpose of SFAS No. 155 is to simplify the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity’s first fiscal year that begins after September 15, 2006. The Company does not expect the adoption of SFAS No. 155 to have a material impact on the Company’s cash flows, results of operations, financial position or liquidity.

In March 2006, the FASB issued SFAS No. 156, “Accounting for Servicing of Financial Assets—an Amendment of FASB Statement No. 140” (“SFAS No. 156”). SFAS No. 156 requires recognition of a servicing asset or a servicing liability each time an entity undertakes an obligation to service a financial asset by entering into a servicing contract. SFAS No. 156 also requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value and subsequently measured at fair value at each reporting date. SFAS No. 156 is effective as of the beginning of an entity’s first fiscal year that begins after September 15, 2006. The Company does not expect the adoption of SFAS No. 156 to have a material impact on the Company’s cash flows, results of operations, financial position or liquidity.

14. Subsequent Events

On April 1, 2006, the Company placed-in-service 12290 Sunrise Valley, a 182,000 net rentable square foot Class A office property located in Reston, Virginia. The Company has leased 100% of the space.

On April 3, 2006, 322,147 Series Two Preferred Units of the Operating Partnership were converted by the holders thereof into 422,765 OP Units. The OP Units were subsequently presented by the holders for redemption and were redeemed by the Company in exchange for an equal number of shares of Common Stock.

On April 6, 2006, the Company’s Operating Partnership closed an offering of $400 million in aggregate principal amount of its 3.75% exchangeable senior notes due 2036. On May 2, 2006, the Company’s Operating

Partnership closed an additional $50 million aggregate principal amount of the notes as a result of the underwriter's exercise of its over-allotment option. The notes will be exchangeable into the Company's common stock at an initial exchange rate, subject to adjustment, of 8.9461 shares per $1,000 principal amount of notes (or an initial exchange price of approximately $111.78 per share of common stock) under the circumstances described in the prospectus supplement filed with the Securities and Exchange Commission on April 3, 2006. Noteholders may require the Operating Partnership to purchase the notes at par initially on May 18, 2013 and, after that date, the notes will be redeemable at par at the option of the Operating Partnership under the circumstances described in the prospectus supplement.

On April 13, 2006, the Company acquired a parcel of land located in Waltham, Massachusetts for a purchase price of $16.0 million.

On April 25, 2006, the Company executed a binding agreement for the sale of 280 Park Avenue, a Class A office property of approximately 1,179,000 net rentable square feet located in midtown Manhattan, for approximately $1.2 billion. Under the agreement, the Company has agreed to enter into a master lease agreement with the buyer at closing. Under the master lease agreement, the Company will guarantee that the buyer receives at least a minimum amount of base rent from approximately 74,340 square feet of space during the ten-year period following the expiration of the current leases for this space. The current leases for this space are scheduled to expire at various times between June 2006 and October 2007. The aggregate amount of base rent guaranteed by the Company over the entire period from 2006 to 2017 is approximately $67.3 million. The Company's guarantee obligations, which will be in the form of base rent payments to the buyer, will be reduced by the amount of base rent payable, whether or not actually paid, under qualifying leases for this space that are obtained by the Company from prospective tenants. The buyer will bear all customary leasing costs for this space, including tenant improvements and leasing commissions. The Company has also agreed to provide to the buyer monthly revenue support from the closing date until December 31, 2008. The aggregate amount of the revenue support payments will be approximately $22.6 million. The sale is subject to the satisfaction of customary closing conditions and there can be no assurances that the sale will be consummated.

On April 27, 2006, the Company entered into a redemption agreement with the minority interest holders in the limited liability company that owns Citigroup Center. Under the agreement, the Company has agreed to redeem the outside members' equity interests in the venture for an aggregate redemption price of $100 million, with $50 million to be paid at closing and $25 million to be paid on each of the first and second anniversaries of the closing or, if earlier, in connection with a sale of Citigroup Center. In addition, the parties agreed to terminate the existing tax protection agreement as of the closing.

On April 28, 2006, the Company issued 5,862 shares of restricted stock and the Operating Partnership issued 140,561 LTIP Units to employees, valued at an aggregate of approximately $12.9 million, under the stock option and incentive plan.

During April 2006, the Company issued 887,854 shares of its Common Stock upon the exercise by certain employees of options to purchase Common Stock.

On May 8, 2006, a joint venture in which the Company has a 50% interest acquired land parcels located in New York City for an aggregate purchase price of approximately $15.3 million.

ITEM 2—*Management's Discussion and Analysis of Financial Condition and Results of Operations*

As used herein, the terms "we," "us," "our" or the "Company" refer to Boston Properties, Inc., a Delaware corporation organized in 1997, individually or together with its subsidiaries, including Boston Properties Limited Partnership, a Delaware limited partnership, and our predecessors.

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "project," "result," "should," "will" and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected by the forward-looking statements. We caution you that while forward-looking statements reflect our good-faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate);
- risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments including the risk associated with interest rates impacting the cost and/or availability of financing;
- risks associated with forward interest rate contracts and the effectiveness of such arrangements;
- failure to manage effectively our growth and expansion into new markets and sub-markets or to integrate acquisitions successfully;
- risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities);
- risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets;
- risks associated with actual or threatened terrorist attacks;
- risks associated with the impact on our insurance program if TRIA, which expires on December 31, 2007, is not extended or is extended on different terms;
- costs of compliance with the Americans with Disabilities Act and other similar laws;
- potential liability for uninsured losses and environmental contamination;
- risks associated with our potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended, and possible adverse changes in tax and environmental laws;
- risks associated with possible state and local tax audits;
- risks associated with our dependence on key personnel whose continued service is not guaranteed; and
- the other risk factors identified in our most recently filed annual report on Form 10-K, including those described under the caption "Risk Factors."

The risks set forth above are not exhaustive. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can it assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our annual reports on Form 10-K and our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC, and to other materials we may furnish to the public from time to time through Forms 8-K or otherwise. We expressly disclaim any responsibility to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events, or otherwise, and you should not rely upon these forward-looking statements after the date of this report.

Overview

We are a fully integrated self-administered and self-managed REIT and one of the largest owners and developers of Class A office properties in the United States. Our properties are concentrated in five markets—Boston, midtown Manhattan, Washington, D.C., San Francisco and Princeton, N.J. We generate revenue and cash primarily by leasing our Class A office space to our tenants. Factors we consider when we lease space include the creditworthiness of the tenant, the length of the lease, the rental rate to be paid, the costs of tenant improvements, operating costs and real estate taxes, our current and anticipated vacancy, current and anticipated future demand for office space and general economic factors. We also generate cash through the sale of assets, which may be either non-core assets that have limited growth potential or core assets that command premiums from real estate investors.

The office markets in which we operate continued to show dramatic improvement into the first quarter of 2006. We continue to experience strong rental growth in midtown Manhattan, San Francisco, Washington, D.C. and the Boston suburbs. In addition, during the first quarter of 2006, the Boston central business district and South San Francisco showed improvement. We expect this trend to continue, but its impact on our rental revenues will be felt gradually given the modest magnitude of 2006 lease expirations. Moreover, some of the leases that expire in 2006 reflect the high rents achieved in the late 1990s and early 2000s, and therefore we will experience some roll down in rents despite the positive overall trends.

We continue to believe that the best utilization of our management skills is in the continued success of our development strategies. Given current market conditions, we generally believe that the returns we can generate from developments will be significantly greater than those we can expect to realize from acquisitions. As a result, we continue to pursue new development opportunities, which is one of our core capabilities. We are also considering alternative uses (i.e., non-office) for some of our land holdings and may participate in or undertake alternative development projects. We currently own land totaling approximately 6.8 million developable square feet in our portfolio with another 2.4 million developable square feet in land purchase options.

On April 25, 2006, we executed a binding agreement for the sale of 280 Park Avenue, a Class A office property located in midtown Manhattan, for approximately $1.2 billion. We believe this agreement evidences a trend that sees allocators of capital continuing to place a premium on high-quality, well located office buildings resulting in lower capitalization rates and higher prices per square foot. As an owner of these types of assets, we are pleased with higher valuations, and we intend to continue selectively selling some of our assets (including large core assets) to realize some of this value. Unfortunately, the same market conditions that are leading to record valuations for Class A office buildings and that make significant asset sales attractive to us are also continuing to make it more difficult for us to acquire assets at what we believe to be attractive rates of return.

To the extent that we sell a significant amount of assets and cannot efficiently use the proceeds for either our development activities or attractive acquisitions, we would, at the appropriate time, decide whether it is better to declare a special dividend, adopt a stock repurchase program, reduce our indebtedness or retain the cash for

future investment opportunities. Such a decision will depend on many factors including, among others, the timing, availability and terms of development and acquisition opportunities, our then-current and anticipated leverage, the price of our common stock and REIT distribution requirements. We expect that we would distribute at least that amount of proceeds necessary for the Company to avoid paying corporate level tax on the applicable gains realized from any asset sales.

The highlights of the three months ended March 31, 2006 included the following:

- On January 3, 2006, we completed the previously disclosed sale of a parcel of land at the Prudential Center located in Boston, Massachusetts, which is being developed as the Mandarin Oriental, a hotel and condominium mixed-use complex.
- On January 17, 2006, we placed-in-service our Seven Cambridge Center development project located in Cambridge, Massachusetts. Seven Cambridge Center is a fully-leased, build-to-suit project with approximately 231,000 net rentable square feet of office, research laboratory and retail space. We have leased 100% of the space to the Massachusetts Institute of Technology for occupancy by its affiliate, the Eli and Edythe L. Broad Institute. On October 1, 2005, we had placed-in-service the West Garage phase of the project consisting of parking for approximately 800 cars.
- On January 31, 2006, we repaid the mortgage loan collateralized by our 101 Carnegie Center property located in Princeton, New Jersey totaling approximately $6.6 million using available cash. There was no prepayment penalty associated with the repayment. The mortgage loan bore interest at a fixed rate of 7.66% per annum and was scheduled to mature on April 1, 2006.
- On February 24, 2006, we repaid the construction financing collateralized by our Seven Cambridge Center property located in Cambridge, Massachusetts totaling approximately $112.5 million using approximately $7.5 million of available cash and $105.0 million drawn under the Company's Unsecured Line of Credit. The construction financing bore interest at a variable rate equal to LIBOR plus 1.10% per annum and was scheduled to mature in April 2007.
- On March 13, 2006, a joint venture in which we have a 50% interest acquired a land parcel located in New York City for a purchase price of approximately $6.0 million.
- On March 31, 2006, we commenced construction of South of Market, a Class A office project consisting of two buildings aggregating approximately 402,000 net rentable square feet located in Reston, Virginia. We expect that the project will be complete and initial occupancy is expected in the first quarter of 2008.
- On March 31, 2006, we were added to the Standard & Poor's 500 Index, a world-renowned index which includes 500 leading companies in selected industries of the U.S. economy.
- For the third year in a row we were selected as one of America's Most Admired Companies in the Real Estate Industry according to FORTUNE® magazine.

Transactions completed subsequent to March 31, 2006:

- On April 1, 2006, we placed-in-service 12290 Sunrise Valley, a 182,000 net rentable square foot Class A office property located in Reston, Virginia. We have leased 100% of the space.
- On April 3, 2006, 322,147 Series Two Preferred Units of our Operating Partnership were converted by the holders thereof into 422,765 OP Units. The OP Units were subsequently presented by the holders for redemption and were redeemed in exchange for an equal number of shares of Common Stock.
- On April 6, 2006, our Operating Partnership closed on an offering of $400 million in aggregate principal amount of its 3.75% exchangeable senior notes due 2036. On May 2, 2006, our Operating Partnership closed on an additional $50 million aggregate principal amount of the notes as a result of the underwriter's exercise of its over-allotment option. The notes will be exchangeable into our common stock at an initial exchange rate, subject to adjustment, of 8.9461 shares per $1,000 principal amount of notes (or an initial exchange price of approximately $111.78 per share of common stock) under the

circumstances described in the prospectus supplement filed with the Securities and Exchange Commission on April 3, 2006. Noteholders may require the Operating Partnership to purchase the notes at par initially on May 18, 2013 and, after that date, the notes will be redeemable at par at the option of the Operating Partnership under the circumstances described in the prospectus supplement.

- On April 13, 2006, we completed a land acquisition located in Waltham, Massachusetts for a purchase price of $16.0 million.
- On April 25, 2006, we executed a binding agreement for the sale of 280 Park Avenue, a Class A office property of approximately 1,179,000 net rentable square feet located in midtown Manhattan, for approximately $1.2 billion. Under the agreement, we have agreed to enter into a master lease agreement with the buyer at closing. Under the master lease agreement, we will guarantee that the buyer receives at least a minimum amount of base rent from approximately 74,340 square feet of space during the ten-year period following the expiration of the current leases for this space. The current leases for this space are scheduled to expire at various times between June 2006 and October 2007. The aggregate amount of base rent we will guarantee over the entire period from 2006 to 2017 is approximately $67.3 million. Our guarantee obligations, which will be in the form of base rent payments to the buyer, will be reduced by the amount of base rent payable, whether or not actually paid, under qualifying leases for this space that we obtain from prospective tenants. The buyer will bear all customary leasing costs for this space, including tenant improvements and leasing commissions. We have also agreed to provide to the buyer monthly revenue support from the closing date until December 31, 2008. The aggregate amount of the revenue support payments will be approximately $22.6 million. The sale is subject to the satisfaction of customary closing conditions and, although there can be no assurances that the sale will be consummated, it is expected to close during the second quarter of 2006.
- On April 27, 2006, we entered into a redemption agreement with the minority interest holders in the limited liability company that owns Citigroup Center. Under the agreement, we have agreed to redeem the outside members' equity interests in the venture for an aggregate redemption price of $100 million, with $50 million to be paid at closing and $25 million to be paid on each of the first and second anniversaries of the closing or, if earlier, in connection with a sale of Citigroup Center. Our Operating Partnership is the managing member of this limited liability company and is entitled to earn a cumulative compounding 10% priority return on our equity (the "OP Priority Return") until April 25, 2011, and a residual 65.5% interest in the limited liability company. We have been reporting the limited liability company on a consolidated basis and, as a result of the OP Priority Return, we have been receiving all of the cash flow from the property. The redemption transaction will therefore not have any current effect on our share of the cash flow from the property; however, our share of the operating cash flow would have decreased beginning in 2011 if we had not otherwise entered into the redemption transaction. In addition, the parties agreed to terminate the existing tax protection agreement as of the closing and that we shall thereafter have the right to transfer the property without the need for any consent of the outside members. We expect the closing to occur on or before May 31, 2006.
- On April 28, 2006, we issued 5,862 shares of restricted stock and our Operating Partnership issued 140,561 LTIP Units to employees, valued at an aggregate of approximately $12.9 million, under our stock option and incentive plan.
- During April 2006, we issued 887,854 shares of our Common Stock upon the exercise by certain employees of options to purchase Common Stock.
- On May 8, 2006, a joint venture in which we have a 50% interest acquired land parcels located in New York City for an aggregate purchase price of approximately $15.3 million.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to use judgment in the application of accounting

policies, including making estimates and assumptions. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied resulting in a different presentation of our financial statements. From time to time, we evaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. Below is a discussion of accounting policies that we consider critical in that they may require complex judgment in their application or require estimates about matters that are inherently uncertain.

Real Estate

Upon acquisitions of real estate, we assess the fair value of acquired tangible and intangible assets, including land, buildings, tenant improvements, "above-" and "below-market" leases, origination costs, acquired in-place leases, other identified intangible assets and assumed liabilities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and allocate the purchase price to the acquired assets and assumed liabilities, including land at appraised value and buildings at replacement cost. We assess and consider fair value based on estimated cash flow projections that utilize appropriate discount and/or capitalization rates, as well as available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known and anticipated trends, and market and economic conditions. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. We also consider an allocation of purchase price of other acquired intangibles, including acquired in-place leases that may have a customer relationship intangible value, including (but not limited to) the nature and extent of the existing relationship with the tenants, the tenants' credit quality and expectations of lease renewals. Based on our acquisitions to date, our allocation to customer relationship intangible assets has been immaterial.

We record acquired "above-" and "below-market" leases at their fair values (using a discount rate which reflects the risks associated with the leases acquired) equal to the difference between (1) the contractual amounts to be paid pursuant to each in-place lease and (2) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. Other intangible assets acquired include amounts for in-place lease values that are based on our evaluation of the specific characteristics of each tenant's lease. Factors to be considered include estimates of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, we consider leasing commissions, legal and other related expenses.

Real estate is stated at depreciated cost. The cost of buildings and improvements includes the purchase price of property, legal fees and other acquisition costs. Costs directly related to the development of properties are capitalized. Capitalized development costs include interest, internal wages, property taxes, insurance, and other project costs incurred during the period of development.

Management reviews its long-lived assets used in operations for impairment when there is an event or change in circumstances that indicates an impairment in value. An impairment loss is recognized if the carrying amount of its assets is not recoverable and exceeds its fair value. If such impairment is present, an impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows on properties considered to be "long-lived assets to be held and used" as defined by SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144") are considered on an undiscounted basis to determine whether an asset has been impaired, our established strategy of holding properties over the

long term directly decreases the likelihood of recording an impairment loss. If our strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized and such loss could be material. If we determine that impairment has occurred, the affected assets must be reduced to their fair value. No such impairment losses have been recognized to date.

SFAS No. 144 requires that qualifying assets and liabilities and the results of operations that have been sold, or otherwise qualify as "held for sale," be presented as discontinued operations in all periods presented if the property operations are expected to be eliminated and we will not have significant continuing involvement following the sale. The components of the property's net income that is reflected as discontinued operations include the net gain (or loss) upon the disposition of the property held for sale, operating results, depreciation and interest expense (if the property is subject to a secured loan). We generally consider assets to be "held for sale" when the transaction has been approved by our Board of Directors, or a committee thereof, and there are no known significant contingencies relating to the sale, such that the property sale within one year is considered probable. Following the classification of a property as "held for sale," no further depreciation is recorded on the assets.

A variety of costs are incurred in the acquisition, development and leasing of properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgement. Our capitalization policy on development properties is guided by SFAS No. 34 "Capitalization of Interest Cost" and SFAS No. 67 "Accounting for Costs and the Initial Rental Operations of Real Estate Projects." The costs of land and buildings under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. We consider a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity. We cease capitalization on the portion (1) substantially completed and (2) occupied or held available for occupancy, and we capitalize only those costs associated with the portion under construction.

Investments in Unconsolidated Joint Ventures

Except for ownership interests in variable interest entities, we account for our investments in joint ventures under the equity method of accounting because we exercise significant influence over, but do not control, these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in earnings of unconsolidated joint ventures over the life of the related asset. Under the equity method of accounting, our net equity is reflected within the Consolidated Balance Sheets, and our share of net income or loss from the joint ventures is included within the Consolidated Statements of Operations. The joint venture agreements may designate different percentage allocations among investors for profits and losses, however, our recognition of joint venture income or loss generally follows the joint venture's distribution priorities, which may change upon the achievement of certain investment return thresholds. For ownership interests in variable interest entities, we consolidate those in which we are the primary beneficiary.

Revenue Recognition

Base rental revenue is reported on a straight-line basis over the terms of our respective leases. In accordance with SFAS No. 141, we recognize rental revenue of acquired in-place "above-" and "below-market" leases at their fair values over the terms of the respective leases. Accrued rental income as reported on the Consolidated Balance Sheets represents rental income recognized in excess of rent payments actually received pursuant to the terms of the individual lease agreements.

Our leasing strategy is generally to secure creditworthy tenants that meet our underwriting guidelines. Furthermore, following the initiation of a lease, we continue to actively monitor the tenant's creditworthiness to

ensure that all tenant related assets are recorded at their realizable value. When assessing tenant credit quality, we:

- review relevant financial information, including:
- financial ratios;
- net worth;
- debt to market capitalization; and
- liquidity;
- evaluate the depth and experience of the tenant's management team; and
- assess the strength/growth of the tenant's industry.

As a result of the underwriting process, tenants are then categorized into one of three categories:

(1) low risk tenants;

(2) the tenant's credit is such that we require collateral in which case we:

- require a security deposit; and/or
- reduce upfront tenant improvement investments; or

(3) the tenant's credit is below our acceptable parameters.

We maintain a rigorous process of monitoring the credit quality of our tenant base. We provide an allowance for doubtful accounts arising from estimated losses that could result from the tenant's inability to make required current rent payments and an allowance against accrued rental income for future potential loses that we deem to be unrecoverable over the term of the lease.

Tenant receivables are assigned a credit rating of 1-4 with a rating of 1 representing the highest possible rating with no allowance recorded and a rating of 4 representing the lowest credit rating, recording a full reserve against the receivable balance. Among the factors considered in determining the credit rating include:

- payment history;
- credit status and change in status (credit ratings for public companies are used as a primary metric);
- change in tenant space needs (i.e., expansion/downsize);
- tenant financial performance;
- economic conditions in a specific geographic region; and
- industry specific credit considerations.

If our estimates of collectibility differ from the cash received, the timing and amount of our reported revenue could be impacted. The average remaining term of our in-place tenant leases was approximately 7.7 years as of March 31, 2006. The credit risk is mitigated by the high quality of our existing tenant base, reviews of prospective tenants' risk profiles prior to lease execution and continual monitoring of our portfolio to identify potential problem tenants.

Recoveries from tenants, consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs, are recognized as revenue in the period the expenses are incurred. Tenant reimbursements are recognized and presented in accordance with Emerging Issues Task Force, or EITF, Issue 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent," or Issue 99-19. Issue 99-19 requires that these reimbursements be recorded on a gross basis, as we are generally the primary obligor with respect to purchasing goods and services from third-party suppliers, have discretion in selecting the supplier and have credit risk.

Our hotel revenues are derived from room rentals and other sources such as charges to guests for long-distance telephone service, fax machine use, movie and vending commissions, meeting and banquet room revenue and laundry services. Hotel revenues are recognized as earned.

We receive management and development fees from third parties. Management fees are recorded and earned based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents. We review each development agreement and record development fees on a straight-line basis or percentage of completion depending on the risk associated with each project. Profit on development fees earned from joint venture projects is recognized as revenue to the extent of the third party partners' ownership interest.

Gains on sales of real estate are recognized pursuant to the provisions of SFAS No. 66, "Accounting for Sales of Real Estate." The specific timing of the sale is measured against various criteria in SFAS No. 66 related to the terms of the transactions and any continuing involvement in the form of management or financial assistance associated with the properties. If the sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, installment or cost recovery methods, as appropriate, until the sales criteria are met.

Depreciation and Amortization

We compute depreciation and amortization on our properties using the straight-line method based on estimated useful asset lives. In accordance with SFAS No. 141, we allocate the acquisition cost of real estate to land, building, tenant improvements, acquired "above-" and "below-market" leases, origination costs and acquired in-place leases based on an assessment of their fair value and depreciate or amortize these assets over their useful lives. The amortization of acquired "above-" and "below-market" leases and acquired in-place leases is recorded as an adjustment to revenue and depreciation and amortization, respectively, in the Consolidated Statements of Operations.

Fair Value of Financial Instruments

For purposes of disclosure, we calculate the fair value of our mortgage notes payable and unsecured senior notes. We discount the spread between the future contractual interest payments and future interest payments on our mortgage debt and unsecured notes based on a current market rate. In determining the current market rate, we add our estimate of a market spread to the quoted yields on federal government treasury securities with similar maturity dates to our own debt. Because our valuations of our financial instruments are based on these types of estimates, the fair value of our financial instruments may change if our estimates do not prove to be accurate.

Results of Operations

The following discussion is based on our Consolidated Financial Statements for the three months ended March 31, 2006 and 2005.

At March 31, 2006 and March 31, 2005, we owned or had interests in a portfolio of 123 and 125 properties, respectively (in each case, the "Total Property Portfolio"). As a result of changes within our Total Property Portfolio, the financial data presented below shows significant changes in revenue and expenses from period-to-period. Accordingly, we do not believe that our period-to-period financial data are necessarily meaningful. Therefore, the comparison of operating results for the three months ended March 31, 2006 and 2005 show separately the changes attributable to the properties that were owned by us throughout each period compared (the "Same Property Portfolio") and the changes attributable to the Total Property Portfolio.

In our analysis of operating results, particularly to make comparisons of net operating income between periods meaningful, it is important to provide information for properties that were in-service and owned by us throughout each period presented. We refer to properties acquired or placed in-service prior to the beginning of the earliest period presented and owned by us through the end of the latest period presented as our Same Property

Portfolio. The Same Property Portfolio therefore excludes properties placed in-service, acquired or repositioned after the beginning of the earliest period presented or disposed of prior to the end of the latest period presented.

Net operating income, or "NOI," is a non-GAAP financial measure equal to net income available to common shareholders, the most directly comparable GAAP financial measure, plus minority interest in Operating Partnership, loss from early extinguishment of debt, depreciation and amortization, interest expense, general and administrative expense, loss from discontinued operations (net of minority interest), less gains on sales of real estate (net of minority interest), income from unconsolidated joint ventures, minority interest in property partnership, interest and other income and development and management services revenue. We use NOI internally as a performance measure and believe NOI provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. Therefore, we believe NOI is a useful measure for evaluating the operating performance of our real estate assets.

Our management also uses NOI to evaluate regional property level performance and to make decisions about resource allocations. Further, we believe NOI is useful to investors as a performance measure because, when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and development activity on an unleveraged basis, providing perspective not immediately apparent from net income. NOI excludes certain components from net income in order to provide results that are more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset and is often incurred at the corporate level as opposed to the property level. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. NOI presented by us may not be comparable to NOI reported by other REITs that define NOI differently. We believe that in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with net income as presented in our consolidated financial statements. NOI should not be considered as an alternative to net income as an indication of our performance or to cash flows as a measure of liquidity or ability to make distributions.

Comparison of the three months ended March 31, 2006 to the three months ended March 31, 2005.

The table below shows selected operating information for the Same Property Portfolio and the Total Property Portfolio. The Same Property Portfolio consists of the 115 properties totaling approximately 30.5 million net rentable square feet of space (excluding approximately 9.6 million square feet of structured parking for approximately 32,925 vehicles). The Same Property Portfolio includes two hotel properties, properties acquired or placed in-service on or prior to January 1, 2005 and owned through March 31, 2006. The Total Property Portfolio includes the effects of the other properties either placed in-service, acquired or repositioned after January 1, 2005 or disposed of on or prior to March 31, 2006. This table includes a reconciliation from the Same Property Portfolio to the Total Property Portfolio by also providing information for the three months ended March 31, 2006 and 2005 with respect to the properties which were acquired, placed in-service, repositioned or sold.

In September 2004, we commenced the redevelopment of our Capital Gallery property in Washington, D.C. Capital Gallery is a Class A office property currently totaling approximately 397,000 net rentable square feet. The project entails removing a three-story low-rise section of the property, which is comprised of 100,000 net rentable square feet, from in-service status and developing it into a ten-story office building resulting in a total complex size of approximately 610,000 net rentable square feet which we expect to complete in the third quarter of 2006. This property is included in Properties Repositioned for the three months ended March 31, 2006 and March 31, 2005.

(dollars in thousands)	Same Property Portfolio				Properties Sold		Properties Acquired		Properties Placed In-Service		Properties Repositioned		Total Property Portfolio			
	2006	2005	Increase/ (Decrease)	% Change	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	Increase/ (Decrease)	% Change
Rental Revenue:																
Rental Revenue	$327,349	$315,654	$ 11,695	3.71%	$—	$15,817	$1,692	$—	$4,326	$—	$3,241	$3,313	$336,608	$334,784	$ 1,824	0.54%
Termination Income	812	1,226	(414)	(33.77)%	—	—	—	—	—	—	—	—	812	1,226	(414)	(33.77)%
Total Rental Revenue	328,161	316,880	11,281	3.56%	—	15,817	1,692	—	4,326	—	3,241	3,313	337,420	336,010	1,410	0.42%
Operating Expenses	109,890	102,078	7,812	7.65%	—	5,620	901	—	878	—	945	786	112,614	108,484	4,130	3.81%
Net Operating Income, excluding hotels	218,271	214,802	3,469	1.61%	—	10,197	791	—	3,448	—	2,296	2,527	224,806	227,526	(2,720)	(1.20)%
Hotel Net Operating Income(1)	866	1,287	(421)	(32.71)%	—	—	—	—	—	—	—	—	866	1,287	(421)	(32.71)%
Consolidated Net Operating Income(1)	219,137	216,089	3,048	1.41%	—	10,197	791	—	3,448	—	2,296	2,527	225,672	228,813	(3,141)	(1.37)%
Other Revenue:																
Development and Management Services	—	—	—	—	—	—	—	—	—	—	—	—	4,376	4,536	(160)	(3.53)%
Interest and Other	—	—	—	—	—	—	—	—	—	—	—	—	1,965	1,631	334	20.48%
Total Other Revenue	—	—	—	—	—	—	—	—	—	—	—	—	6,341	6,167	174	2.82%
Other Expenses:																
General and administrative expense	—	—	—	—	—	—	—	—	—	—	—	—	14,642	14,813	(171)	(1.15)%
Interest	—	—	—	—	—	—	—	—	—	—	—	—	74,817	79,354	(4,537)	(5.72)%
Depreciation and amortization	64,140	64,044	96	0.15%	—	3,309	922	—	1,362	—	423	443	66,847	67,796	(949)	(1.40)%
Loss from early extinguishments of debt	—	—	—	—	—	—	—	—	—	—	—	—	467	—	467	100.0%
Total Other Expenses	64,140	64,044	96	0.15%	—	3,309	922	—	1,362	—	423	443	156,773	161,963	(5,190)	(3.20)%
Income before minority interests	$154,997	$152,045	$ 2,952	1.94%	$—	$ 6,888	$ (131)	$—	$2,086	$—	$1,873	$2,084	$ 75,240	$ 73,017	$ 2,223	3.04%
Income from unconsolidated joint ventures	$ 1,313	$ 1,307	$ 6	0.46%	$—	$ 7	$ (23)	$ 21	$ —	$—	$ —	$ —	1,290	1,335	(45)	(3.37)%
Loss from discontinued operations, net of minority interest	$ —	$ —	$ —	—	$—	$ (293)	$ —	$—	$ —	$—	$ —	$ —	—	(293)	293	100.0%
Minority interests in property partnerships													1,236	1,652	(416)	(25.18)%
Minority interest in Operating Partnership													(15,470)	(15,677)	207	(1.32)%
Gains on sales of real estate, net of minority interest													5,441	1,208	4,233	350.41%
Net Income available to common shareholders													$ 67,737	$ 61,242	$ 6,495	10.61%

(1) For a detailed discussion of NOI, including the reasons management believes NOI is useful to investors, see page 26.

Rental Revenue

The increase of approximately $1.8 million in the Total Property Portfolio is comprised of increases and decreases within the five categories that comprise our Total Property Portfolio. Rental revenue from the Same Property Portfolio increased approximately $11.7 million, Properties Placed In-Service increased approximately $4.3 million, Properties Acquired increased approximately $1.7 million, Properties Sold decreased approximately $15.8 million and Properties Repositioned decreased approximately $0.1 million. We expect a decrease in rental revenue for the Total Property Portfolio during the remainder of 2006 as a result of the expected sale of our 280 Park Avenue property in New York City during the second quarter of 2006.

Rental revenue from the Same Property Portfolio increased approximately $11.7 million for the three months ended March 31, 2006 compared to 2005. Included in rental revenue is an overall increase in base rental revenue of approximately $5.0 million. Our same property in-service occupancy has increase from 93.2% on March 31, 2005 to 94.4% on March 31, 2006. Approximately $5.8 million of the increase from the Same Property Portfolio was due to an increase in recoveries from tenants and approximately $0.9 million of the increase from the Same Property Portfolio was due to an increase in parking and other income. With relatively little roll-over in 2006 and much of the related rent commencement deferred into 2007 for much of our currently vacant space, we do not expect more than a modest increase in the Same Property Portfolio rental revenue during the remainder of 2006.

The increase in rental revenue from Properties Placed In-Service of approximately $4.3 million relates to placing in-service our Seven Cambridge Center development project in the first quarter of 2006.

The acquisition of Prospect Place on December 30, 2005 increased revenue from Properties Acquired by approximately $1.7 million for the three months ended March 31, 2006.

The aggregate increase in rental revenue was offset by the sales of Embarcadero Center West Tower, Riverfront Plaza and 100 East Pratt Street during 2005. These properties have not been classified as discontinued operations due to our continuing involvement as the property manager for each property. Rental Revenue from Properties Sold decreased by approximately $15.8 million, as detailed below:

Property	Date Sold	Rental Revenue for the three months ended March 31		
		2006	2005	Change
			(in thousands)	
Riverfront Plaza	May 16, 2005	$ —	$ 5,938	$ (5,938)
100 East Pratt Street	May 12, 2005	—	5,933	(5,933)
Embarcadero Center West Tower	December 14, 2005	—	3,946	(3,946)
Total		$ —	$ 15,817	$ (15,817)

Termination Income

Termination income for the three months ended March 31, 2006 was related to three tenants across the Total Property Portfolio that terminated their leases, and we recognized termination income totaling approximately $0.8 million. This compared to termination income of $1.2 million for the three months ended March 31, 2005 related to six tenants. We currently anticipate realizing approximately $1.0 million in termination income each quarter for the remainder of 2006.

Operating Expenses

The $4.1 million increase in property operating expenses (real estate taxes, utilities, insurance, repairs and maintenance, cleaning and other property-related expenses) in the Total Property Portfolio is mainly comprised

of increases and decreases within four categories that comprise our Total Property Portfolio. Operating expenses for the Same Property Portfolio increased approximately $7.8 million, Properties Acquired increased approximately $1.0 million, Properties Placed In-Service increased approximately $0.9 million and Properties Sold decreased approximately $5.6 million.

Operating expenses from the Same Property Portfolio increased approximately $7.8 million for the three months ended March 31, 2006 compared to 2005. Included in Same Property Portfolio operating expenses is an increase in utility expenses of approximately $3.5 million, an increase of approximately 19% over the prior year first quarter utility expense. In addition, real estate taxes increased approximately $2.2 million due to increased real estate tax assessments, with approximately half of this increase specifically attributed to properties located in New York City. The remaining $2.1 million increase in the Same Property Portfolio operating expenses are related to an increase in repairs and maintenance.

The increase in operating expenses from Properties Placed In-Service of approximately $0.9 million relates to placing in-service our Seven Cambridge Center development project in the first quarter of 2006. The acquisition of Prospect Place on December 30, 2005 increased operating expenses approximately $1.0 million for the three months ended March 31, 2006.

A decrease of approximately $5.6 million in the Total Property Portfolio operating expenses was due to the sales of Embarcadero Center West Tower, 100 East Pratt Street and Riverfront Plaza in 2005, as detailed below. We expect to see an additional decrease in operating expenses as a result of the expected sale of our 280 Park Avenue property in New York City during the second quarter of 2006.

Property	Date Sold	Operating Expenses for the three months ended March 31		
		2006	2005	Change
			(in thousands)	
100 East Pratt Street	May 12, 2005	$ —	$ 2,085	$ (2,085)
Riverfront Plaza	May 16, 2005	—	1,933	(1,933)
Embarcadero Center West Tower	December 14, 2005	—	1,602	(1,602)
Total		$ —	$ 5,620	$ (5,620)

We continue to review and monitor the impact of rising insurance costs and energy costs, as well as other factors, on our operating budgets for fiscal year 2006. Because some operating expenses are not recoverable from tenants, an increase in operating expenses due to one or more of the foregoing factors could have an adverse effect on our results of operations.

Hotel Net Operating Income

Net operating income for the hotel properties decreased by approximately $0.4 million for the three months ended March 31, 2006 as compared to 2005. For the three months ended March 31, 2005, the Residence Inn by Marriott® is included as part of discontinued operations due to its sale on November 4, 2005. The hotels continued to show good top line improvement with the net operating income being impacted by longer than anticipated construction time for the room renovation at the Cambridge Center Marriott, which commenced in December 2005. Costs incurred in the first quarter of 2006 were approximately $4.0 million on the renovation project. We expect the hotels to contribute between $19.5 million and $20.5 million of net operating income for the year ended December 31, 2006, which has been adjusted for the first quarter performance.

The following reflects our occupancy and rate information for our hotel properties for the three months ended March 31, 2006 and 2005:

	2006	2005	Percentage Change
Occupancy	67.0%	69.0%	(2.9%)
Average daily rate	$172.44	$161.67	6.7%
Revenue per available room, REVPAR	$116.83	$112.05	4.3%

Development and Management Services

Our third-party fee income decreased approximately $0.2 million for the three months ended March 31, 2006 compared to 2005 due to the completion of third-party development projects at the National Institute of Health in Washington, D.C. and near completion of the project at 90 Church Street in New York City, partially offset by maintaining management contracts following the sales of 100 East Pratt Street, Riverfront Plaza and Embarcadero Center West Tower. We expect our third-party management and development fee income in 2006 to be between $13.0 million and $15.0 million which includes the impact of our continued management of 280 Park Avenue following its expected sale during the second quarter of 2006.

Interest and Other Income

Interest and other income increased by approximately $0.3 million for the three months ended March 31, 2006 compared to 2005 as a result of higher overall interest rates as well as the timing of our cash balances for the three months ended March 31, 2006 compared to March 31, 2005.

The sale of our 280 Park Avenue property in New York City is expected to close during the second quarter of 2006. At this time, we have not declared our intended use of proceeds from the sale. Following the consummation of the transaction, we expect to distribute at least the amount of the taxable gain as a special divided unless we are able to identify an alternate use of the proceeds that would allow for a tax deferral of such gain. Based on the uncertain timing of these decisions, we cannot currently anticipate the impact of the sale of 280 Park Avenue on our interest income for the remainder of 2006.

Other Expenses

General and Administrative

General and administrative expenses decreased approximately $0.2 million for the three months ended March 31, 2006 compared to 2005. An overall increase of approximately $1.1 million was attributed to bonuses and salaries for the three months ended March 31, 2006 compared to 2005. These increases were offset by a decrease of approximately $0.5 million attributable to audit- and legal-related expenses, as well as other overall decreases of approximately $0.4 million. We anticipate our general and administrative expenses to be approximately $60.0 million for the year 2006.

Commencing in 2003, we issued restricted stock and/or LTIP Units, as opposed to granting stock options and restricted stock, under the 1997 Stock Option and Incentive Plan as our primary vehicle for employee equity compensation. An LTIP Unit is generally the economic equivalent of a share of our restricted stock. Employees generally vest in restricted stock and LTIP Units over a five-year term (for awards granted prior to 2003, vesting is in equal annual installments; for those granted in 2003 and later, vesting is over a five-year term with annual vesting of 0%, 0%, 25%, 35% and 40%). Restricted stock and LTIP Units are valued based on observable market prices for similar instruments. Such value is recognized as an expense ratably over the corresponding employee service period. LTIP Units that were issued in January 2005 and any future LTIP Unit awards will be valued using an option pricing model in accordance with the provisions of SFAS No. 123R. To the extent restricted stock or LTIP Units are forfeited prior to vesting, the corresponding previously recognized expense is reversed as

an offset to “stock-based compensation.” Stock-based compensation expense associated with $6.1 million of equity-based compensation that was granted in January 2003 and $9.7 million in January 2004 will generally be expensed ratably as such restricted stock and LTIP Units vests over a five-year vesting period. Stock-based compensation associated with approximately $11.4 million of restricted stock and LTIP Units granted in January 2005 and approximately $12.9 million of restricted stock and LTIP Units granted in April 2006 will also be incurred ratably as such restricted stock and LTIP Units vest. To the extent we continue to grant restricted stock and/or LTIP Unit awards, our expense will continue to increase significantly until 2008 even if there are no future increases in the aggregate value of restricted equity granted each year. This is because we expense the value of the restricted stock and LTIP Unit awards ratably over the five-year vesting period and a full run-rate will not be achieved until 2008.

Interest Expense

Interest expense for the Total Property Portfolio decreased approximately $4.5 million for the three months ended March 31, 2006 compared to 2005. The majority of the decreases are due to (1) the repayment of outstanding mortgage debt in connection with the sales of Riverfront Plaza and 100 East Pratt Street in the second quarter of 2005, as well as Embarcadero Center West Tower in October 2005, which decreased interest expense by $4.6 million, (2) the impact of refinancing our fixed rate debt collateralized by 599 Lexington Avenue using borrowings under our unsecured line at a lower interest rate which decreased interest expense approximately $1.2 million, and (3) the repayment of our mortgage loan collateralized by 601 and 651 Gateway Boulevard, which decreased interest expense approximately $0.8 million. These decreases were offset by increases of approximately $2.2 million at Times Square Tower due to increasing interest rates (3.59% on March 31, 2005 and 5.25% on March 31, 2006) as well as the increased principal balance due to the refinance of the mortgage loan in June 2005. We intend to defease the outstanding mortgage indebtedness secured by 280 Park Avenue in connection with the sale of the property. As a result, we expect interest expense to decrease during the remainder of 2006.

At March 31, 2006, our variable rate debt consisted of our construction loans on our Times Square Tower and Capital Gallery Expansion, as well as our borrowings under our unsecured line of credit. The following summarizes our outstanding debt as of March 31, 2006 compared with March 31, 2005:

	March 31,	
	2006	2005
	(dollars in thousands)	
Debt Summary:		
Balance		
Fixed rate	$3,932,838	$4,575,918
Variable rate	763,875	435,098
Total	$4,696,713	$5,011,016
Percent of total debt:		
Fixed rate	83.74%	91.32%
Variable rate	16.26%	8.68%
Total	100.00%	100.00%
Weighted average interest rate at end of period:		
Fixed rate	6.70%	6.66%
Variable rate	5.23%	3.59%
Total	6.46%	6.39%

Depreciation and Amortization

Depreciation and amortization expense for the Total Property Portfolio decreased approximately $1.0 million for the three months ended March 31, 2006 compared to 2005. The majority of the change to depreciation was due to the sales of Embarcadero Center West Tower, 100 East Pratt Street and Riverfront Plaza in 2005, which resulted in a decrease of approximately $3.3 million. This decrease was offset partially by increased depreciation of $1.4 million due to the placing in-service our Seven Cambridge Center development project in the first quarter of 2006, approximately $0.9 million related to the acquisition of Prospect Place on December 30, 2005. We expect depreciation and amortization expense to decrease as a result of the expected sale of our 280 Park Avenue property in New York City during the second quarter of 2006.

Capitalized Costs

Costs directly related to the development of rental properties are not included in our operating results. These costs are capitalized and included in real estate assets on our Consolidated Balance Sheets and amortized over their useful lives. Capitalized development costs include interest, wages, property taxes, insurance and other project costs incurred during the period of development. Capitalized wages for the three months ended March 31, 2006 and 2005 were $1.4 million and $1.6 million, respectively. These costs are not included in the general and administrative expenses discussed above. Interest capitalized for the three months ended March 31, 2006 and 2005 was $1.7 million and $0.7 million, respectively. These costs are not included in the interest expense referenced above.

Loss from early extinguishment of debt

During the first quarter of 2006, we repaid the construction financing collateralized by our Seven Cambridge Center property totaling approximately $112.5 million using approximately $7.5 million of available cash and $105.0 million drawn under our Unsecured Line of Credit. There was no prepayment penalty associated with the repayment. We recognized a loss from early extinguishment of debt totaling approximately $0.5 million consisting of the write-off of unamortized deferred financing costs. In connection with the sale of 280 Park Avenue, we expect to defease the mortgage indebtedness secured by the property and recognize a loss on the extinguishment of debt during the second quarter of 2006.

Income from Unconsolidated Joint Ventures

During the first quarter of 2005, we placed in-service 901 New York Avenue, a 539,000 net rentable square foot Class A office property located in Washington, D.C., in which we have a 25% ownership interest. The addition of this property increased income from joint ventures by approximately $0.8 million for the three months ended March 31, 2006. This was partially offset by our 265 Franklin Street venture, the occupancy of which has decreased from 76.1% as of March 31, 2005 to 72.4% as of March 31, 2006.

Loss from discontinued operations, net of minority interest

For the three months ended March 31, 2006 there were no properties included in discontinued operations. Properties included in discontinued operations for the three months ended March 31, 2005 consisted of Old Federal Reserve, 40-46 Harvard Street and Residence Inn by Marriott®.

On April 25, 2006, we executed a binding agreement for the sale of 280 Park Avenue, a Class A office property of approximately 1,179,000 net rentable square feet located in midtown Manhattan, for approximately $1.2 billion. Due to our continuing involvement in the management of the building subsequent to the sale, the master lease agreement and revenue support provisions, this property will not be categorized as discontinued operations in the Consolidated Statement of Operations. As a result, the gain on sale related to this property will be reflected under the caption “gains on sales of real estate, net of minority interest” in the Consolidated Statement of Operations.

Gains on sales of real estate and other assets, net of minority interest

Gains on sales of real estate for the three months ended March 31, 2006 primarily relates to a parcel of land at the Prudential Center located in Boston, Massachusetts which had previously been accounted for as a financing transaction. During January 2006, the transaction qualified as a sale for financial reporting purposes.

Gains on sales of real estate for the three months ended March 31, 2005 in the Total Property Portfolio relate to the sale of Decoverly Four and Five, consisting of two undeveloped land parcels located in Rockville, Maryland.

Minority interest in property partnership

Minority interest in property partnership consists of the outside equity interests in the ventures that own Citigroup Center. This venture is consolidated with our financial results because we exercise control over the entity. Due to the redemption agreement entered into on April 27, 2006 with the minority interest holder at Citigroup Center, minority interest in property partnership will no longer reflect an allocation to the minority interest holder.

Minority interest in Operating Partnership

Minority interest in Operating Partnership decreased $0.2 million for the three months ended March 31, 2006 compared to 2005 mainly attributed to a reduction in the minority interest in our Operating Partnership's income allocation related to changes in the partnership's ownership interests and an underlying change in allocable income.

Liquidity and Capital Resources

General

Our principal liquidity needs for the next twelve months are to:

- fund normal recurring expenses;
- meet debt service requirements including the repayment or refinancing of $207.2 million of indebtedness that matures on or prior to May 1, 2007, $74.5 million of which is due in 2006 and the remainder in the first quarter of 2007;
- fund capital expenditures, including tenant improvements and leasing costs;
- fund current development costs not covered under existing construction loans;
- fund potential property acquisitions; and
- make the minimum distribution required to maintain our REIT qualification under the Internal Revenue Code of 1986, as amended.

We believe that these needs will be satisfied using cash on hand, cash flows generated by operations and provided by financing activities, as well as cash generated from asset sales. Base rental revenue, recovery income from tenants, other income from operations, available cash balances, draws on our unsecured line of credit and refinancing of maturing indebtedness are our principal sources of capital used to pay operating expenses, debt service, recurring capital expenditures and the minimum distribution required to maintain our REIT qualification. We seek to increase income from our existing properties by maintaining quality standards for our properties that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. Our sources of revenue also include third-party fees generated by our office real estate management, leasing, development and construction businesses. Consequently, we believe our revenue, together with proceeds from financing activities, will continue to provide the necessary funds for our short-term liquidity

needs. However, material changes in these factors may adversely affect our net cash flows. Such changes, in turn, could adversely affect our ability to fund distributions, debt service payments and tenant improvements. In addition, a material adverse change in our cash provided by operations may affect our ability to comply with the financial performance covenants under our unsecured line of credit and unsecured senior notes.

Our principal liquidity needs for periods beyond twelve months are for the costs of developments, possible property acquisitions, scheduled debt maturities, major renovations, expansions and other non-recurring capital improvements. We expect to satisfy these needs using one or more of the following:

- construction loans;
- long-term secured and unsecured indebtedness;
- income from operations;
- income from joint ventures;
- sales of real estate;
- issuances of our equity securities and/or additional preferred or common units of partnership interest in BPLP; and
- our unsecured revolving line of credit or other short-term bridge facilities.

We draw on multiple financing sources to fund our long-term capital needs. Our unsecured line of credit is utilized primarily as a bridge facility to fund acquisition opportunities, to refinance outstanding indebtedness and to meet short-term development and working capital needs. We generally fund our development projects with construction loans that may be partially guaranteed by our Operating Partnership until project completion or lease-up thresholds are achieved.

Cash Flow Summary

The following summary discussion of our cash flows is based on the consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Cash and cash equivalents were $32.2 million and $209.3 million at March 31, 2006 and 2005, respectively, representing a decrease of $177.1 million. The decrease was a result of the following increases and decreases in cash flows:

	Years ended March 31,		
	2006	2005	Increase (Decrease)
		(in thousands)	
Net cash provided by operating activities	$ 82,975	$ 83,647	$ (672)
Net cash used in investing activities	$ (79,210)	$(58,193)	$ 21,017
Net cash used in financing activities	$(233,047)	$(55,491)	$177,556

Our principal source of cash flow is related to the operation of our office properties. The average term of our tenant leases is approximately 7.7 years with occupancy rates historically in the range of 92% to 98%. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and fund quarterly dividend and distribution payment requirements. In addition, over the past year, we have raised capital through the sale of some of our properties and raised proceeds from secured borrowings.

Cash is used in investing activities to fund acquisitions, development and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing,

financing and property management skills and invest in existing buildings that meet our investment criteria. Cash used in investing activities for the three months ended March 31, 2006 consisted of the following:

	(in thousands)
Acquisitions/additions to real estate	$ (59,355)
Net investments in unconsolidated joint ventures	(7,291)
Net proceeds from the sales of real estate	(4,821)
Hotel improvements, equipment upgrades and replacements	(4,263)
Recurring capital expenditures	(3,260)
Planned non-recurring capital expenditures associated with acquisition properties	(220)
Net cash used in investing activities	$ (79,210)

Cash used in financing activities for the three months ended March 31, 2006 totaled approximately $233.0 million. This consisted primarily of the repayment of our Seven Cambridge Center construction loan as well as our 101 Carnegie Center mortgage loan as well as the payments of dividends and distributions to shareholders and the unitholders of our Operating Partnership, including the payment of approximately $12.1 million in February 2006 to holders of our Series Two Preferred Units representing their participation in the special dividend paid to holders of common stock in October 2005. Future debt payments are discussed below under the heading “Debt Financing.”

Capitalization

At March 31, 2006, our total consolidated debt was approximately $4.7 billion. The weighted-average annual interest rate on our consolidated indebtedness was 6.46% and the weighted-average maturity was approximately 4.9 years.

Debt to total market capitalization ratio, defined as total consolidated debt as a percentage of the market value of our outstanding equity securities plus our total consolidated debt, is a measure of leverage commonly used by analysts in the REIT sector. Our total market capitalization was approximately $17.7 billion at March 31, 2006. Total market capitalization was calculated using the March 31, 2006 closing stock price of $93.25 per common share and the following: (1) 112,813,657 shares of our common stock, (2) 21,167,704 outstanding common units of partnership interest in Boston Properties Limited Partnership (excluding common units held by Boston Properties, Inc.), (3) an aggregate of 4,857,395 common units issuable upon conversion of all outstanding preferred units of partnership interest in Boston Properties Limited Partnership, (4) an aggregate of 374,119 common units issuable upon conversion of all outstanding LTIP Units, assuming all conditions have been met for the conversion of the LTIP Units, and (5) our consolidated debt totaling approximately $4.7 billion. Our total consolidated debt at March 31, 2006 represented approximately 26.57% of our total market capitalization. This percentage will fluctuate with changes in the market price of our common stock and does not necessarily reflect our capacity to incur additional debt to finance our activities or our ability to manage our existing debt obligations. However, for a company like ours, whose assets are primarily income-producing real estate, the debt to total market capitalization ratio may provide investors with an alternate indication of leverage, so long as it is evaluated along with other financial ratios and the various components of our outstanding indebtedness.

Debt Financing

As of March 31, 2006, we had approximately $4.7 billion of outstanding indebtedness, representing 26.57% of our total market capitalization as calculated above consisting of (1) $1.47 billion in publicly traded unsecured debt having a weighted average interest rate of 5.95% and maturities in 2013 and 2015, (2) $3.2 billion of property-specific debt (which includes the $225.0 million drawn on our Unsecured Line of Credit secured by 599 Lexington Avenue) and (3) an additional $40.0 million drawn on our Unsecured Line of Credit. As of March 31, 2006, we had approximately $265 million drawn on our Unsecured Line of Credit of which approximately

$225.0 million is secured by our 599 Lexington Avenue property in New York and which balance is included under our variable rate mortgages in the table below. The table below summarizes our mortgage notes payable, our senior unsecured notes and our Unsecured Line of Credit at March 31, 2006:

	March 31	
	2006	2005
	(dollars in thousands)	
DEBT SUMMARY:		
Balance		
Fixed rate mortgage notes payable	$2,461,675	$3,105,144
Variable rate mortgage notes payable	723,875	435,098
Unsecured senior notes	1,471,163	1,470,774
Unsecured line of credit	40,000	—
Total	$4,696,713	$5,011,016
Percent of total debt:		
Fixed rate	83.74%	91.32%
Variable rate	16.26%	8.68%
Total	100.0%	100.0%
Weighted average interest rate at end of period:		
Fixed rate	6.70%	6.66%
Variable rate	5.23%	3.59%
Total	6.46%	6.39%

The variable rate debt shown above bears interest based on various spreads over the London Interbank Offered Rate or Eurodollar rates. As of March 31, 2006, the weighted average interest rate on our variable rate debt was LIBOR/Eurodollar plus 0.43% per annum.

Unsecured Line of Credit

On May 19, 2005, we modified our $605.0 million Unsecured Line of Credit by extending the maturity date from January 17, 2006 to October 30, 2007, with a provision for a one-year extension at our option, subject to certain conditions, and by reducing the per annum variable interest rate on outstanding balances from Eurodollar plus 0.70% to Eurodollar plus 0.65%. In addition a facility fee equal to 15 basis point per annum is payable in quarterly installments. The interest rate and facility fee are subject to adjustment in the event of a change in Boston Properties Limited Partnership's senior unsecured debt ratings. The Unsecured Line of Credit contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loan advances to us at a reduced Eurodollar rate. We utilize the Unsecured Line of Credit principally to fund development of properties, land and property acquisitions, to refinance outstanding indebtedness and for working capital purposes. Our Unsecured Line of Credit is a recourse obligation of Boston Properties Limited Partnership.

Our ability to borrow under our Unsecured Line of Credit is subject to our compliance with a number of customary financial and other covenants on an ongoing basis, including:

- a leverage ratio not to exceed 60%, however for a single period of not more than five consecutive quarters the leverage ratio can exceed 60% (but may not exceed 65%);
- a secured debt leverage ratio not to exceed 55%;
- a fixed charge coverage ratio of at least 1.40;
- an unsecured leverage ratio not to exceed 60%;
- a minimum net worth requirement;

- an unsecured interest coverage ratio of at least 1.75; and
- restrictions on permitted investments, development, partially owned entities, business outside of commercial real estate and commercial non-office properties

We believe we are in compliance with the financial and other covenants listed above.

At March 31, 2006, we had letters of credit totaling $8.5 million outstanding under our Unsecured Line of Credit. On July 19, 2005, we refinanced $225 million of mortgage indebtedness at 599 Lexington Avenue through a secured draw on our Unsecured Line of Credit. As of March 31, 2006, we had the ability to borrow an additional $331.5 million under our Unsecured Line of Credit. As of May 5, 2006, we have borrowings of $225 million outstanding under our Unsecured Line of Credit, secured by our 599 Lexington Avenue property.

Unsecured Senior Notes

The following summarizes the unsecured senior notes outstanding as of March 31, 2006 (dollars in thousands):

	Coupon/ Stated Rate	Effective Rate (1)	Principal Amount	Maturity Date (2)
10 Year Unsecured Senior Notes	6.250%	6.296%	$ 750,000	January 15, 2013
10 Year Unsecured Senior Notes	6.250%	6.280%	175,000	January 15, 2013
12 Year Unsecured Senior Notes	5.625%	5.636%	300,000	April 15, 2015
12 Year Unsecured Senior Notes	5.000%	5.075%	250,000	June 1, 2015
Total principal			1,475,000	
Net discount			(3,837)	
Total			$ 1,471,163	

(1) Yield on issuance date including the effects of discounts on the notes.
(2) No principal amounts are due prior to maturity.

Our unsecured senior notes are redeemable at our option, in whole or in part, at a redemption price equal to the greater of (i) 100% of their principal amount or (ii) the sum of the present value of the remaining scheduled payments of principal and interest discounted at a rate equal to the yield on U.S. Treasury securities with a comparable maturity plus 35 basis points (the $250 million 12 Year Unsecured Senior Notes that mature on June 1, 2015 are calculated at the U.S. Treasury yield plus 25 basis points), in each case plus accrued and unpaid interest to the redemption date. The indenture under which our senior unsecured notes were issued contains restrictions on incurring debt and using our assets as security in other financing transactions and other customary financial and other covenants, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of 1.5, and (4) unencumbered asset value to be no less than 150% of our unsecured debt. As of March 31, 2006 we were in compliance with each of these financial restrictions and requirements.

Boston Properties Limited Partnership's investment grade ratings on its unsecured senior notes are as follows:

Rating Organization	Rating
Moody's	Baa2 (stable)
Standard & Poor's	BBB (stable)
FitchRatings	BBB (stable)

The security rating is not a recommendation to buy, sell or hold securities, as it may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating.

On April 6, 2006, our Operating Partnership closed an offering of $400 million in aggregate principal amount of its 3.75% exchangeable senior notes due 2036. On May 2, 2006, our Operating Partnership closed on an additional $50 million aggregate principal amount of the notes as a result of the underwriter's exercise of its over-allotment option. The notes will be exchangeable into our common stock at an initial exchange rate, subject to adjustment, of 8.9461 shares per $1,000 principal amount of notes (or an initial exchange price of approximately $111.78 per share of common stock) under the circumstances described in the prospectus supplement filed with the Securities and Exchange Commission on April 3, 2006. Noteholders may require our Operating Partnership to purchase the notes at par initially on May 18, 2013 and, after that date, the notes will be redeemable at par at the option of the Operating Partnership under the circumstances described in the prospectus supplement.

Mortgage Notes Payable

The following represents the outstanding principal balances due under the first mortgages at March 31, 2006:

Properties	Interest Rate	Principal Amount (in thousands)	Maturity Date
Citigroup Center	7.19%	$ 496,335	May 11, 2011
Times Square Tower	5.25%	475,000(1)	July 9, 2008
Embarcadero Center One and Two	6.70%	288,946	December 10, 2008
Prudential Center	6.72%	269,239	July 1, 2008
280 Park Avenue	7.64%	255,256	February 1, 2011
599 Lexington Avenue	5.09%	225,000(2)	October 30, 2007
Embarcadero Center Four	6.79%	137,098	February 1, 2008
Embarcadero Center Three	6.40%	134,745	January 1, 2007
Democracy Center	7.05%	97,857	April 1, 2009
One Freedom Square	5.33%	79,522(3)	June 30, 2012
New Dominion Tech Park, Bldg. Two	5.55%	63,000(4)	September 30, 2014
202, 206 & 214 Carnegie Center	8.13%	59,652	October 1, 2010
140 Kendrick Street	5.21%	59,548(5)	July 1, 2013
1330 Connecticut Avenue	4.65%	56,776(6)	February 26, 2011
New Dominion Tech. Park, Bldg. One	7.69%	56,072	January 15, 2021
Reservoir Place	5.82%	53,032(7)	July 1, 2009
Capital Gallery	8.24%	50,250	August 15, 2006
504, 506 & 508 Carnegie Center	7.39%	43,143	January 1, 2008
10 and 20 Burlington Mall Road	7.25%	36,980(8)	October 1, 2011
Ten Cambridge Center	8.27%	32,755	May 1, 2010
Sumner Square	7.35%	28,035	September 1, 2013
1301 New York Avenue	7.14%	26,219(9)	August 15, 2009
Eight Cambridge Center	7.73%	25,679	July 15, 2010
510 Carnegie Center	7.39%	24,765	January 1, 2008
Capital Gallery Redevelopment	6.40%	23,875(10)	February 15, 2008
University Place	6.94%	21,813	August 1, 2021
Reston Corporate Center	6.56%	21,791	May 1, 2008
Bedford Business Park	8.50%	18,369	December 10, 2008
191 Spring Street	8.50%	18,086	September 1, 2006
Montvale Center	8.59%	6,712	December 1, 2006
Total		$ 3,185,550	

(1) The mortgage financing bears interest at a variable rate equal to LIBOR plus 0.50% per annum.

(2) On July 19, 2005, we repaid the mortgage loan through a secured draw on our unsecured line of credit. As of March 31, 2006, the interest rate on this draw under our unsecured line of credit was 5.09% using a weighted average LIBOR spread of 0.34% per annum.
(3) In accordance with EITF 98-1, the principal amount and interest rates shown were adjusted upon acquisition of the property to reflect the fair value of the note. The stated principal balance at March 31, 2006 was $72.8 million and the stated interest rate was 7.75%.
(4) The mortgage loan requires interest only payments with a balloon payment due at maturity.
(5) In accordance with EITF 98-1, the principal amount and interest rates shown were adjusted upon acquisition of the property to reflect the fair value of the note. The stated principal balance at March 31, 2006 was $54.2 million and the stated interest rate was 7.51%.
(6) In accordance with EITF 98-1, the principal amount and interest rates shown were adjusted upon acquisition of the property to reflect the fair value of the note. The stated principal balance at March 31, 2006 was $50.5 million and the stated interest rate was 7.58%.
(7) In accordance with EITF 98-1, the principal amount and interest rates shown were adjusted upon acquisition of the property to reflect the fair value of the note. The stated principal balance at March 31, 2006 was $51.3 million and the stated interest rate was 7.0%.
(8) Includes outstanding indebtedness secured by 91 Hartwell Avenue.
(9) Includes outstanding principal in the amounts of $18.6 million, $5.2 million and $2.4 million which bear interest at fixed rates of 6.70%, 8.54% and 6.75%, respectively.
(10) The mortgage financing bears interest at a variable rate equal to LIBOR plus 1.65% per annum and requires interest only payments with a balloon payment due at maturity. We intend to repay this financing upon the maturity date of the existing financing of $50.3 million at Capital Gallery upon its maturity in August 2006.

Off Balance Sheet Arrangements- Joint Venture Indebtedness

We have investments in eight unconsolidated joint ventures (including our investment in the Value-Added Fund) with our effective ownership interests ranging from 23.89% to 51%. Seven of these ventures have mortgage indebtedness. We exercise significant influence over, but do not control, these eight entities and therefore they are presently accounted for using the equity method of accounting. See also Note 4 to the Consolidated Financial Statements. At March 31, 2006 our share of the debt related to these investments was equal to approximately $211.9 million. The table below summarizes our share of the outstanding debt (based on our respective ownership interests) of these joint venture properties at March 31, 2006:

Properties	Interest Rate	Principal Amount (in thousands)	Maturity Date
Metropolitan Square (51%)	8.23%	$ 67,310	May 1, 2010
Market Square North (50%)	7.70%	45,814	December 19, 2010
901 New York Avenue (25%)	5.19%	42,500	January 1,2015
265 Franklin Street (35%)	5.79%(1)	21,194	September 30, 2007
Worldgate Plaza (25%)	5.55%(2)	14,250	December 1, 2007
Wisconsin Place (23.89%) (3)	6.25%(3)	9,901	March 11, 2009
505 9th Street (50%) (4)	5.84%(4)	6,357	See note 4
Wisconsin Place (23.89%) (5)	4.38%(5)	2,733	January 1, 2008
300 Billerica Road (25%)	5.69%(6)	1,875	January 1, 2016
Total	6.88%	$ 211,934	

(1) The mortgage financing bears interest at a variable rate equal to LIBOR plus 1.10% per annum and requires interest only payments with a balloon payment due at maturity.
(2) This property is owned by the Value-Added Fund. The mortgage financing bears interest at a variable rate equal to LIBOR plus 0.89% per annum and requires interest only payments with a balloon payment due at maturity. This mortgage matures in December 2007, with two one-year extension options. In addition, the Value-Added Fund entered into an agreement to cap the interest rate at 9.5% for a nominal fee.

(3) Amount represents construction financing of up to $96.5 million, of which our maximum share is $23.1 million, at a variable rate equal to LIBOR plus 1.50% per annum with a maturity in March 2009. The mortgage debt requires interest only payments with a balloon payment due at maturity.

(4) Amount represents construction financing comprised of a $60.0 million loan commitment (of which our share is $30.0 million) which bears interest at a fixed rate of 5.73% per annum and a $35.0 million loan commitment (of which our share is $17.5 million) which bears interest at a variable rate of LIBOR plus 1.25% per annum. The financing converts to a ten-year fixed rate loan in October 2007 at an interest rate of 5.73% per annum with a provision for an increase in the borrowing capacity by $35.0 million (of which our share would be $17.5 million). The conversion is subject to conditions which we expect to satisfy. As of March 31, 2006 the interest rate on the variable rate portion of the debt was 6.03% per annum. The weighted average rate as of March 31, 2006 is reflected in the table.

(5) In accordance with EITF 98-1, the principal amount and interest rates shown were adjusted to reflect the fair value of the note using an effective interest rate of 4.38% per annum. This note is non-interest bearing with a stated principal balance of $15.5 million (of which our share is approximately $2.9 million) and matures in January 2008. The weighted average rates exclude the impact of this loan. We have agreed, together with our third-party joint venture partners, to guarantee this seller financing on behalf of the land and infrastructure entity.

(6) This property is owned by the Value-Added Fund. The mortgage financing bears interest at a fixed rate and requires interest only payments with a balloon payment due at maturity.

State and Local Tax Matters

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but 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 or other inquiries. 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.

Insurance

We carry insurance coverage on our properties of types and in amounts and with deductibles that we believe are in line with coverage customarily obtained by owners of similar properties. In response to the uncertainty in the insurance market following the terrorist attacks of September 11, 2001, the Federal Terrorism Risk Insurance Act, or TRIA, was enacted in November 2002 to require regulated insurers to make available coverage for certified acts of terrorism (as defined by the statute) through December 31, 2004, which date was extended to December 31, 2005 by the United States Department of Treasury on June 18, 2004 and which date was further extended to December 31, 2007 by the Terrorism Risk Insurance Extension Act of 2005 (the “TRIA Extension Act”). TRIA expires on December 31, 2007, and we cannot currently anticipate whether it will be extended. Effective as of March 1, 2006, our property insurance program per occurrence limits were decreased from $1 billion to $800 million, including coverage for both “certified” and “non-certified” acts of terrorism by TRIA. The amount of such insurance available in the market has decreased because of the natural disasters which occurred during 2005. We also carry nuclear, biological, chemical and radiological terrorism insurance coverage (“NBCR Coverage”) for “certified” acts of terrorism as defined by TRIA, which is provided by IXP, Inc. as a direct insurer. Effective as of March 1, 2006, we extended the NBCR Coverage to March 1, 2007, excluding our Value-Added Fund properties. Effective as of March 1, 2006, the per occurrence limit for NBCR Coverage was decreased from $1 billion to $800 million. Under TRIA, after the payment of the required deductible and coinsurance the NBCR Coverage is backstopped by the Federal Government if the aggregate industry insured losses resulting from a certified act of terrorism exceed a “program trigger.” Under the TRIA Extension Act (a) the program trigger is $5 million through March 31, 2006, $50 million from April 1, 2006 through

December 31, 2006 and $100 million from January 1, 2007 through December 31, 2007 and (b) the coinsurance is 10% through December 31, 2006 and 15% through December 31, 2007. We may elect to terminate the NBCR Coverage when the program trigger increases on January 1, 2007, 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 and maintain insurance in amounts and on terms that are commercially reasonable.

We also currently carry earthquake insurance on properties located in areas known to be subject to earthquakes in an amount and subject to self-insurance that we believe are commercially reasonable. In addition, this insurance is subject to a deductible in the amount of 5% of the value of the affected property. Specifically, we currently carry earthquake insurance which covers our San Francisco portfolio with a $120 million per occurrence limit and a $120 million aggregate limit, $20 million of which is provided by IXP, Inc., as a direct insurer. The amount of our earthquake insurance coverage may not be sufficient to cover losses from earthquakes. As a result of increased costs of coverage and limited availability, the amount of third-party earthquake insurance that we may be able to purchase on commercially reasonable terms may be reduced. In addition, we may discontinue earthquake insurance on some or all of our properties in the future if the premiums exceed our estimation of the value of the coverage.

In January 2002, we formed a wholly-owned taxable REIT subsidiary, IXP, Inc., or IXP, to act as a captive insurance company and be one of the elements of our overall insurance program. IXP acts as a direct insurer with respect to a portion of our earthquake insurance coverage for the Greater San Francisco properties and our NBCR Coverage for “certified acts of terrorism” under TRIA. 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. 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 IXP’s 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.

We continue to monitor the state of the insurance market in general, and the scope and costs of coverage for acts of terrorism 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 or the presence of mold at our properties, 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 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.

Funds from Operations

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”), we calculate Funds from Operations, or “FFO,” by adjusting net income (loss) (computed in accordance with GAAP, including non-recurring items) for gains (or losses) from sales of properties, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure. The use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. Management generally considers FFO to be a useful measure for reviewing our comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and

useful life estimates), FFO can help one compare the operating performance of a company's real estate between periods or as compared to different companies. Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently.

FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance. FFO does not represent cash generated from operating activities determined in accordance with GAAP and is not a measure of liquidity or an indicator of our ability to make cash distributions. We believe that to further understand our performance, FFO should be compared with our reported net income and considered in addition to cash flows in accordance with GAAP, as presented in our consolidated financial statements.

The following table presents a reconciliation of net income available to common shareholders to FFO for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31	
	2006	2005
	(in thousands)	
Net income available to common shareholders	$ 67,737	$ 61,242
Add:		
Minority Interest in Operating Partnership	15,470	15,677
Loss from discontinued operations, net of minority interest	—	293
Less:		
Minority interest in property partnership	1,236	1,652
Income from unconsolidated joint ventures	1,290	1,335
Gains on sales of real estate, net of minority interest	5,441	1,208
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	75,240	73,017
Add:		
Real estate depreciation and amortization(1)	68,674	69,540
Income from unconsolidated joint ventures	1,290	1,335
Less:		
Minority interest in property partnership's share of Funds from Operations	268	(75)
Loss from discontinued operations, net of minority interest	—	351
Preferred distributions	3,110	3,280
Funds from Operations	$141,826	$140,336
Less:		
Minority interest in the Operating Partnership's share of funds from operations	22,616	23,035
Funds from Operations available to common shareholders	$119,210	$117,301
Our percentage share of funds from operations—basic	84.05%	83.59%
Weighted average shares outstanding—basic	112,509	110,187

(1) Real estate depreciation and amortization consists of depreciation and amortization from the Consolidated Statements of Operations of $66,847 and $67,796, our share of unconsolidated joint venture real estate depreciation and amortization of $2,304 and $1,798 and depreciation and amortization from discontinued operations of $0 and $366, less corporate related depreciation and amortization of $477 and $420 for the three months ended March 31, 2006 and 2005, respectively.

Reconciliation to Diluted Funds from Operations:

	Three Months Ended March 31, 2006		Three Months Ended March 31, 2005	
	Income (Numerator)	Shares (Denominator)	Income (Numerator)	Shares (Denominator)
	(in thousands)		(in thousands)	
Basic FFO	$ 141,826	133,853	$ 140,336	131,825
Effect of Dilutive Securities				
Convertible Preferred Units	3,110	4,857	3,280	5,357
Stock Options and other	—	2,648	—	2,177
Diluted FFO	$ 144,936	141,358	$ 143,616	139,359
Less:				
Minority interest in Operating Partnership's share of diluted FFO	21,885	21,345	22,299	21,638
Company's share of Diluted FFO (1)	$ 123,051	120,013	$ 121,317	117,721

(1) Our share of diluted Funds from Operations was 84.90% and 84.47% for the quarter ended March 31, 2006 and 2005, respectively.

Contractual Obligations

We have various standing or renewable service contracts with vendors related to our property management. In addition, we have certain other utility contracts we enter into in the ordinary course of business which may extend beyond one year, which vary based on usage. These contracts include terms that provide for cancellation with insignificant or no cancellation penalties. Contract terms are generally one year or less.

Newly Issued Accounting Standards

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments – an Amendment of FASB Statements No. 133 and 140" ("SFAS No. 155"). The purpose of SFAS No. 155 is to simplify the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. We do not expect the adoption of SFAS No. 155 to have a material impact on our cash flows, results of operations, financial position, or liquidity.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets—an Amendment of FASB Statement No. 140" ("SFAS No. 156"). SFAS No. 156 requires recognition of a servicing asset or a servicing liability each time an entity undertakes an obligation to service a financial asset by entering into a servicing contract. SFAS No. 156 also requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value and subsequently measured at fair value at each reporting date. SFAS No. 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. We do not expect the adoption of SFAS No. 156 to have a material impact on our cash flows, results of operations, financial position, or liquidity.

ITEM 3—*Quantitative and Qualitative Disclosures about Market Risk*

Approximately $3.9 billion of our borrowings bear interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents our aggregate fixed rate debt obligations with corresponding weighted-average interest rates sorted by maturity date and our aggregate variable rate debt obligations sorted by maturity date. As of March 31, 2006, the weighted average interest rate on our variable rate debt was LIBOR/Eurodollar plus 0.43% per annum.

	2006	2007	2008	2009	2010	2011+	Total	Fair Value
				(dollars in thousands)				
Secured debt								
Fixed Rate	$ 111,072	$ 181,377	$ 801,323	$ 188,278	$ 134,778	$ 1,044,847	$ 2,461,675	$ 2,580,274
Average Interest Rate	7.95%	6.61%	6.84%	7.11%	7.96%	7.29%	7.14%	
Variable Rate	—	$ 225,000	$ 498,875	—	—	—	$ 723,875	$ 723,875
Unsecured debt								
Fixed Rate	—	—	—	—	—	$ 1,471,163	$ 1,471,163	$ 1,465,449
Average Interest Rate	—	—	—	—	—	5.95%	5.95%	
Variable Rate	—	40,000	—	—	—	—	40,000	40,000
Total Debt	$ 111,072	$ 446,377	$ 1,300,198	$ 188,278	$ 134,778	$ 2,516,010	$ 4,696,713	$ 4,849,598

During 2005 we entered into twelve forward-starting interest rate swap contracts which fix the 10-year treasury rate for a financing in February 2007 at a weighted average rate of 4.34% per annum on notional amounts aggregating $500.0 million. The swaps go into effect in February 2007 and expire in February 2017. We obtained the swaps to lock in the 10-year treasury rate and 10-year swap spread in contemplation of obtaining long-term fixed-rate financing to refinance existing debt that is expiring or freely prepayable prior to February 2007. We expect to settle the interest rate swaps in cash at the time we close on the long-term fixed-rate financing. Each swap contract provides for a fixed 10-year LIBOR swap rate (the fixed strike rate) ranging from 4.562% per annum to 5.016% per annum. If the 10-year LIBOR swap rate is below the fixed strike rate at the time we settle each swap, we would be required to make a payment to the swap counter-parties; if the 10-year LIBOR swap rate is above the fixed strike rate at the time we cash settle each swap, we would receive a payment from the swap counter-parties. The amount that we either pay or receive will equal the present value of the basis point differential between the applicable fixed strike rate and the 10-year swap rate at the time we settle each swap. We believe that these swaps qualify as highly-effective cash flow hedges under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended. We intend to consider entering into additional hedging arrangements to minimize our interest rate risk.

At March 31, 2006, our outstanding variable rate debt based off LIBOR totaled approximately $763.9 million. At March 31, 2006, the average interest rate on variable rate debt was approximately 5.23%. If market interest rates on our variable rate debt had been 100 basis points greater, total interest expense would have increased approximately $1.9 million for the three months ended March 31, 2006.

At March 31, 2005, our outstanding variable rate debt based off LIBOR totaled approximately $435 million. At March 31, 2005, the average interest rate on variable rate debt was approximately 3.59%. If market interest rates on our variable rate debt had been 100 basis points greater, total interest expense would have increased approximately $1.1 million for the three months ended March 31, 2005.

These amounts were determined solely by considering the impact of hypothetical interest rates on our financial instruments. Due to the uncertainty of specific actions we may undertake to minimize possible effects of market interest rate increases, this analysis assumes no changes in our financial structure.

ITEM 4—*Controls and Procedures*

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting. No change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the

first quarter of our fiscal year ended December 31, 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1—*Legal Proceedings.*

We are subject to legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or liquidity.

ITEM 1A—*Risk Factors.*

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2—*Unregistered Sales of Equity Securities and Use of Proceeds.*

(a) During the three months ended March 31, 2006, the Company issued 155,555 shares of common stock in exchange for 155,555 common units of limited partnership tendered for redemption by certain limited partners of Boston Properties Limited Partnership. The Company issued the shares of common stock in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933. The Company relied on the exemption based upon factual representations received from the limited partners who received these shares.

(b) Not applicable.

(c) Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares of Common Stock Purchased	(b) Average Price Paid per Common Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value)of Shares that May Yet be Purchased
January 1, 2006—January 30, 2006	—	—	N/A	N/A
February 1, 2006—February 28, 2006	—	—	N/A	N/A
March 1, 2006—March 31, 2006	4,087(1)	$ 0.01	N/A	N/A
Total	4,087	$ 0.01	N/A	N/A

(1) Represents shares of restricted Common Stock that were repurchased in connection with the termination of an employee's employment with the Company. Under the terms of the applicable restricted stock agreement, all of such shares were repurchased by the Company at a price of $0.01 per share, which was the amount originally paid by such employee for such shares.

ITEM 3—*Defaults Upon Senior Securities.*

None.

ITEM 4—*Submission of Matters to a Vote of Security Holders.*

(a) The Company held its 2006 annual meeting of stockholders (the "2006 Annual Meeting") on May 3, 2006. A detailed description of the matters voted upon at the 2006 Annual Meeting is contained in the Company's proxy statement that was filed with Securities and Exchange Commission on March 30, 2006.

(b) At the 2006 Annual Meeting, the stockholders voted to elect William M. Daley, Edward H. Linde and David A. Twardock to serve as Class III Directors of the Company until the Company's 2009 annual meeting of stockholders and until their successors are duly elected and qualified.

Mortimer B. Zuckerman, Carol B. Einiger and Richard E. Salomon will continue to serve as Class I Directors and Lawrence S. Bacow, Zoë Baird, Alan J. Patricof and Martin Turchin will continue to serve as Class II Directors until their present terms expire in 2007 and 2008, respectively, and until their respective successors are duly elected and qualified.

(c) Votes were cast for and withheld in the election of directors as follows:

Class III Nominee	Votes For	Votes Withheld
William M. Daley	60,933,150	38,124,878
Edward H. Linde	65,032,600	34,025,428
David A. Twardock	60,934,203	38,123,825

There were no broker non-votes in the election of directors.

At the 2006 Annual Meeting, the stockholders also voted on a stockholder proposal concerning the annual election of directors. The results of the vote were as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
69,502,253	21,716,320	162,906	7,676,549

At the 2006 Annual Meeting, the stockholders also voted on a stockholder proposal concerning executive compensation. The results of the vote were as follows:

Votes For	Votes Against	Abstentions	Broker Non-Votes
33,746,182	56,903,801	731,496	7,676,549

(d) Not applicable.

ITEM 5—*Other Information.*

(a) None.

(b) None.

ITEM 6—*Exhibits*.

(a) Exhibits

4.1	Supplemental Indenture No. 5, dated as of April 6, 2006, by and between Boston Properties Limited Partnership and The Bank of New York Trust Company, N.A., as Trustee, including a form of the 3.75% Exchangeable Senior Note due 2036.
10.1	Purchase and Sale Agreement between BP 280 Park Avenue, LLC and Istithmar Building FZE dated April 26, 2006.
12.1	Calculation of Ratios of Earnings to Combined Fixed Charges and Preferred Distributions.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOSTON PROPERTIES, INC.

May 10, 2006

By: /S/ DOUGLAS T. LINDE

Douglas T. Linde
Executive Vice President, Chief Financial Officer
(duly authorized officer and principal officer)

Exhibit 4.1

BOSTON PROPERTIES LIMITED PARTNERSHIP

as Issuer

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.

as Trustee

SUPPLEMENTAL INDENTURE NO. 5

Dated as of April 6, 2006

3.75% Exchangeable Senior Notes Due 2036

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SUPPLEMENTAL INDENTURE NO. 5 dated as of April 6, 2006 (the "**Fifth Supplemental Indenture**") between Boston Properties Limited Partnership, a Delaware limited partnership, as issuer (hereinafter called the "**Company**"), and The Bank of New York Trust Company, N.A., a national banking association, as trustee (hereinafter called the "**Trustee**").

WITNESSETH:

WHEREAS, the Company has heretofore delivered to the Trustee an Indenture dated as of December 13, 2002 (the "**Senior Indenture**"), providing for the issuance by the Company from time to time of its senior debt securities evidencing its unsecured and unsubordinated indebtedness (the "**Securities**").

WHEREAS, Section 3.01 of the Senior Indenture provides for various matters with respect to any series of Securities issued under the Senior Indenture to be established in an indenture supplemental to the Senior Indenture.

WHEREAS, Section 9.01(7) of the Senior Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Senior Indenture to establish the form or terms of Securities of any series as provided by Sections 2.01 and 3.01 of the Senior Indenture.

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue of its 3.75% Exchangeable Senior Notes Due 2036 (hereinafter referred to as the "**Notes**"), initially in an aggregate principal amount not to exceed $400,000,000 (or $460,000,000 if the Underwriter exercises its option to purchase additional Notes in full as set forth in the Underwriting Agreement), and in order to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company and the Board of Directors of Boston Properties, the general partner of the Company, has duly authorized the execution and delivery of this Fifth Supplemental Indenture; and

WHEREAS, the Notes, the certificate of authentication to be borne by the Notes, a form of assignment, a form of the Fundamental Change Repurchase Notice, a form of option to elect repayment on a Put Right Repurchase Date, a form of exchange notice and certificate of transfer to be borne by the Notes are to be substantially in the forms hereinafter provided for; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Fifth Supplemental Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid agreement according to its terms, have been done and performed, and the execution of this Fifth Supplemental Indenture and the issue hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and

acceptance of the Notes by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Relation to Senior Indenture.* This Fifth Supplemental Indenture constitutes an integral part of the Senior Indenture.

Section 1.02. *Definitions.* For all purposes of this Fifth Supplemental Indenture, except as otherwise expressly provided for or unless the context otherwise requires:

(a) Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Senior Indenture;

(b) Terms defined both herein and in the Senior Indenture shall have the meanings assigned to them herein;

(c) All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Fifth Supplemental Indenture; and

(d) All other terms used in this Fifth Supplemental Indenture, which are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of the execution of this Fifth Supplemental Indenture. The words “herein,” “hereof,” “hereunder,” and words of similar import refer to this Fifth Supplemental Indenture as a whole and not to any particular Article, Section or other Subdivision. The terms defined in this Article include the plural as well as the singular.

“**Additional Settlement Consideration**” shall have the meaning specified in Section 8.02(k).

“**Additional Shares**” shall have the meaning specified in Section 8.01(g).

“**Boston Properties**” means Boston Properties, Inc., a Delaware corporation and, at the date of this Fifth Supplemental Indenture, the general partner of the Company.

“**close of business**” means 5:00 p.m. (New York City time).

“**Common Stock**” means, subject to Section 8.06, shares of common stock of Boston Properties, par value $0.01 per share, at the date of this Fifth Supplemental Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and that have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Boston Properties and that are not subject to

redemption by Boston Properties; *provided* that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"**Company**" means Boston Properties Limited Partnership, a Delaware limited partnership, and subject to the provisions of Article 7, shall include its successors and assigns.

"**Company Put Right Notice**" shall have the meaning specified in Section 9.01(d).

"**Company Put Right Notice Date**" shall have the meaning specified in Section 9.01(d).

"**Daily Exchange Value**" means, for each of the 20 consecutive Trading Days during the Observation Period, one-twentieth (1/20) of the product of (a) the applicable Exchange Rate and (b) the Daily VWAP of the Common Stock (or the Reference Property, if applicable) on such day.

"**Daily Settlement Amount**," for each of the 20 Trading Days during the Observation Period, shall consist of:

(i) cash equal to the lesser of $50 and the Daily Exchange Value relating to such day; and

(ii) if such Daily Exchange Value exceeds $50, then at the Company's option, either (A) cash equal to the difference between such daily exchange value and $50 or (B) a number of shares of Common Stock equal to (x) the difference between such Daily Exchange Value and $50, divided by (y) the Daily VWAP of the Common Stock for such day.

"**Daily VWAP**" for the Common Stock means, for each of the 20 consecutive Trading Days during the Observation Period, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page BXP <equity> AQR in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of Common Stock on such Trading Day as the Board of Directors determines in good faith using a volume-weighted method).

"**Depositary**" means, with respect to the Notes issuable or issued in whole or in part in global form, the person specified in the Senior Indenture as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Fifth Supplemental Indenture, and thereafter, "**Depositary**" shall mean or include such successor.

"**Distributed Property**" shall have the meaning specified in Section 8.04(c).

"**Dividend Threshold Amount**" shall have the meaning specified in Section 8.04(d).

"**Effective Date**" shall have the meaning specified in Section 8.01(g).

"**Event of Default**" means, with respect to the Notes, any event specified in Section 5.01, continued for the period of time, if any, and after the giving of notice, if any, therein designated.

"**Ex-Dividend Date**" means, (a) with respect to Section 8.01(e), the first date upon which a sale of the Common Stock does not automatically transfer the right to receive the relevant dividend from the seller of the Common Stock to its buyer, and (b) in all other cases, with respect to any issuance or distribution on the Common Stock or any other equity security, the first date on which the shares of Common Stock or such other equity security trade on the applicable exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exchange Agent**" shall mean the Trustee or any successor office or agency where the Notes may be surrendered for exchange.

"**Exchange Date**" shall have the meaning specified in Section 8.02(c).

"**Exchange Obligation**" shall have the meaning specified in Section 8.01(a).

"**Exchange Price**" means as of any date $1,000 divided by the Exchange Rate as of such date.

"**Exchange Rate**" shall have the meaning specified in Section 8.01(a).

"**Exchange Trigger Price**" shall have the meaning specified in Section 8.01(c).

"**Fundamental Change**" shall be deemed to occur upon the consummation of any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) in connection with which more than 50% of the Common Stock is exchanged for, exchanged into, acquired for or constitutes solely the right to receive, consideration which is not at least 90% common stock (or American Depositary Shares representing shares of common stock) that is: (a) listed on, or immediately after the consummation of such transaction or event, will be listed on, a United States national securities exchange or (b) approved, or immediately after such transaction or event will be approved, for quotation on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices.

"**Fundamental Change Company Notice**" shall have the meaning specified in Section 9.02(b).

"**Fundamental Change Repurchase Date**" shall have the meaning specified in Section 9.02(b).

"**Fundamental Change Repurchase Notice**" shall have the meaning specified in Section 9.02(a)(i).

"**Fundamental Change Repurchase Price**" shall have the meaning specified in Section 9.02(a).

"**Global Note**" shall have the meaning specified in Section 2.06(b).

"**Interest Payment Date**" means May 15 and November 15 of each year, beginning on November 15, 2006.

"**Last Reported Sale Price**" means, with respect to the Common Stock or any other security for which a Last Reported Sale Price must be determined, on any date, the closing sale price per share of the Common Stock or unit of such other security (or, if no closing sale price is reported, the average of the last bid and last ask prices or, if more than one in either case, the average of the average last bid and the average last ask prices) on such date as reported in composite transactions for the principal U.S. securities exchange on which the Common Stock or such other security is traded or, if the Common Stock or such other security is not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq National Market. If the Common Stock or such other security is not listed for trading on a United States national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the Last Reported Sale Price shall be the last quoted bid price per share of Common Stock or such other security in the over-the-counter market on the relevant date, as reported by the National Quotation Bureau or similar organization. If the Common Stock or such other security is not so quoted, the Last Reported Sale Price shall be the average of the mid-point of the last bid and ask prices for the Common Stock or such other security on the relevant date from each of at least three nationally recognized independent investment banking firms selected from time to time by the Board of Directors of the Company for that purpose. The Last Reported Sale Price shall be determined without reference to extended or after hours trading.

"**Market Disruption Event**" means the occurrence or existence for more than a one-half hour period in the aggregate on any scheduled Trading Day for the Common Stock of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Stock or in any options, contracts or future contracts relating to the Common Stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (New York City time) on such day.

"**Maturity Date**" means May 15, 2036.

"**Measurement Period**" shall have the meaning specified in Section 8.01(b).

"**Merger Event**" shall have the meaning specified in Section 8.06.

"**Noteholder**" or "**holder**," as applied to any Note, or other similar terms (but excluding the term "beneficial holder"), means any person in whose name at the time a particular Note is registered on the Security Register.

"**Notice of Exchange**" shall have the meaning specified in Section 8.02(c).

"**Observation Period**" means the 20 consecutive Trading Day period beginning on and including the second Trading Day after the related Exchange Date in respect of such Note.

"**Predecessor Note**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 3.06 of the Senior Indenture in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the lost, destroyed or stolen Note that it replaces.

"**Put Right Repurchase Date**" shall have the meaning assigned to it in Section 9.01(a).

"**Put Right Repurchase Notice**" shall have the meaning assigned to it in Section 9.01(b)(i).

"**Put Right Repurchase Price**" shall have the meaning assigned to it in Section 9.01(a).

"**Record Date**," with respect to the payment of interest on any Interest Payment Date, shall have the meaning specified in Section 2.03.

"**Reference Property**" shall have the meaning specified in Section 8.06(b).

"**Registration Rights Agreement**" means that certain Registration Rights Agreement, dated April 6, 2006, between the Company and Boston Properties.

"**Rights Plan**" means that certain Shareholder Rights Agreement, dated as of June 16, 1997, between Boston Properties, Inc. and BankBoston, N.A., as Rights Agent.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Significant Subsidiary**" means, in respect of any Person, a Subsidiary of such Person that would constitute a "significant subsidiary" as such term is defined under Rule 1-02 of Regulation S-X under the Securities Act and the Exchange Act as of the date of this Fifth Supplemental Indenture.

"**Spin-Off**" shall have the meaning specified in Section 8.04(c).

"**Stock Price**" means the price paid per share of Common Stock in connection with a Fundamental Change pursuant to which Additional Shares shall be added to the Exchange Rate as set forth in Section 8.01(e)(ii) hereof, which shall be equal to (i) if holders of Common Stock receive only cash in such Fundamental Change, the cash amount paid per share of Common Stock and (ii) in all other cases, the average of the Last Reported Sale Prices of the Common Stock over the five consecutive Trading Day period ending on the Trading Day preceding the Effective Date of the Fundamental Change.

"**Trading Day**" means a day during which (i) trading in Common Stock generally occurs, (ii) there is no Market Disruption Event and (iii) a Last Reported Sale Price for Common Stock (other than a Last Reported Sale Price referred to in the next to last sentence of such definition)

is available for such day; *provided* that if the Common Stock is not admitted for trading or quotation on or by any exchange, bureau or other organization referred to in the definition of Last Reported Sale Price (excluding the next to last sentence of that definition), Trading Date shall mean any Business Day.

"**Trading Price**" with respect to the Notes, on any date of determination, means the average of the secondary market bid quotations obtained by the Trustee for $2.0 million principal amount of Notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers selected by the Company; *provided* that if three such bids cannot reasonably be obtained by the Trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for $2.0 million principal amount of Notes from a nationally recognized securities dealer, then the Trading Price per $1,000 principal amount of Notes will be deemed to be less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Exchange Rate.

"**Trigger Event**" shall have the meaning specified in Section 8.04(c).

"**Underwriter**" means Morgan Stanley & Co., Incorporated.

"**Underwriting Agreement**" means that certain Underwriting Agreement relating to the Notes, dated March 31, 2006, between the Company and the Underwriter.

ARTICLE 2
ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.01. *Designation and Amount.* The Notes shall be designated as the "3.75% Exchangeable Senior Notes Due 2036." The aggregate principal amount of Notes that may be authenticated and delivered under this Fifth Supplemental Indenture is initially limited to $400,000,000 (or $460,000,000 if the Underwriter exercises its option to purchase additional Notes in full as set forth in the Underwriting Agreement), subject to Section 2.07 and except for Notes authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of other Notes pursuant Section 2.06, Section 8.02 and Section 9.02 hereof and Section 3.06 and Section 9.06 of the Senior Indenture.

Section 2.02. *Form of Notes.* The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the form set forth in Exhibit A.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Fifth Supplemental Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any

securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage or to indicate any special limitations or restrictions to which any particular Notes are subject.

The Global Note shall represent such principal amount of the Outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate principal amount of Outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of Outstanding Notes represented thereby may from time to time be increased or reduced to reflect repurchases, exchanges, transfers or exchanges permitted hereby. Any endorsement of the Global Note to reflect the amount of any increase or decrease in the amount of Outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in such manner and upon instructions given by the holder of such Notes in accordance with this Fifth Supplemental Indenture. Payment of principal and accrued and unpaid interest on the Global Note shall be made to the holder of such Note on the date of payment, unless a Record Date or other means of determining holders eligible to receive payment is provided for herein.

The terms and provisions contained in the form of Note attached as Exhibit A hereto are incorporated herein and shall constitute, and are hereby expressly made, a part of this Fifth Supplemental Indenture and to the extent applicable, the Company and the Trustee, by their execution and delivery of this Fifth Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby.

Section 2.03. *Date and Denomination of Notes; Payments of Interest.* The Notes shall be issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. Each Note shall be dated the date of its authentication and shall bear interest from the date specified on the face of the form of Note attached as Exhibit A hereto. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Person in whose name any Note (or its Predecessor Note) is registered on the Security Register at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date. Interest shall be payable at the office of the Company maintained by the Company for such purposes in the Borough of Manhattan, City of New York, which shall initially be an office or agency of the Trustee. The Company shall pay interest (i) on any Notes in certificated form by check mailed to the address of the Person entitled thereto as it appears in the Security Register (or upon written application by such Person to the Security Registrar not later than the relevant record date, by wire transfer in immediately available funds to such Person’s account within the United States, if such Person is entitled to interest on an aggregate principal in excess of $1,000,000) or (ii) on any Global Note by wire transfer of immediately available funds to the account of the Depositary or its nominee. The term “**Record Date**” with respect to any Interest Payment Date shall mean the May 1 or November 1 preceding the applicable May 15 or November 15 Interest Payment Date, respectively.

Section 2.04. *Date and Denomination of Notes.* The Notes shall be issuable in fully registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. Every Note shall be dated the date of its authentication.

Section 2.05. *Execution, Authentication and Delivery of Notes.* The Notes shall be signed in the name and on behalf of the Company by the manual or facsimile signature of its Chairman or Vice-Chairman of the Board of Directors, Chief Executive Officer, President, any of its Executive or Senior Vice Presidents, Managing Director, or any of its Vice Presidents (whether or not designated by a number or numbers or word or words added before or after the title "Vice President").

At any time and from time to time after the execution and delivery of this Fifth Supplemental Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes, without any further action by the Company hereunder.

Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the form of Note attached as Exhibit A hereto, manually executed by the Trustee (or an authenticating agent appointed by the Trustee as provided by Section 6.11 of the Senior Indenture), shall be entitled to the benefits of this Fifth Supplemental Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Fifth Supplemental Indenture.

In case any officer of the Company who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed such Notes had not ceased to be such officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the proper officers of the Company, although at the date of the execution of this Fifth Supplemental Indenture any such person was not such an officer.

Section 2.06. *Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary.*

(a) The Company shall provide for the registration of the Notes and of transfers of the Notes in the Security Register. Upon surrender for registration of transfer of any Note to the Security Registrar or any co-registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.06, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Fifth Supplemental Indenture.

Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or for exchange, repurchase or exchange shall (if so required by the Company, the Trustee, the Security Registrar or any co-registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and duly executed, by the Noteholder thereof or his attorney-in-fact duly authorized in writing.

No service charge shall be charged to the Noteholder for any exchange or registration of transfer of Notes, but the Company or the Trustee may require payment of a sum sufficient to cover any tax, assessments or other governmental charges that may be imposed in connection therewith.

None of the Company, the Trustee, the Security Registrar or any co-registrar shall be required to exchange or register a transfer of (a) any Notes surrendered for exchange or, if a portion of any Note is surrendered for exchange, such portion thereof surrendered for exchange or (b) any Notes, or a portion of any Note, surrendered for repurchase (and not withdrawn) in accordance with Article 9 hereof.

All Notes issued upon any registration of transfer or exchange of Notes in accordance with this Fifth Supplemental Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Fifth Supplemental Indenture as the Notes surrendered upon such registration of transfer or exchange.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, unless otherwise required by law, all Notes shall be represented by one or more Notes in global form (each, a "**Global Note**") registered in the name of the Depositary or the nominee of the Depositary. The transfer and exchange of beneficial interests in a Global Note, which does not involve the issuance of a definitive Note, shall be effected through the Depositary (but not the Trustee or the Custodian) in accordance with this Fifth Supplemental Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depositary therefor.

Section 2.07. *Additional Notes; Repurchases.* The Company may, without the consent of the Noteholders and notwithstanding Section 2.01, reopen the Notes and issue additional Notes hereunder with the same terms and with the same CUSIP number as the Notes initially issued hereunder in an unlimited aggregate principal amount, which will form the same series with the Notes initially issued hereunder, *provided* that no such additional Notes may be issued unless fungible with the Notes initially issued hereunder for U.S. federal income tax purposes. The Company may also from time to time repurchase the Notes in open market purchases or negotiated transactions without prior notice to Noteholders.

Section 2.12. *No Sinking Fund.* The provisions of Article Twelve of the Senior Indenture shall not be applicable to the Notes. No sinking fund is provided for the Notes.

Section 2.13. *Ranking*. The Notes constitute a senior unsecured general obligation of the Company, ranking equally with other existing and future senior unsecured and unsubordinated indebtedness of the Company and ranking senior in right of payment to any future indebtedness of the Company that is expressly made subordinate to the Notes by the terms of such indebtedness.

ARTICLE 3
REDEMPTION

Section 3.01. *Right to Redeem.*

(a) Notwithstanding any provision of the Senior Indenture, as modified by this Fifth Supplemental Indenture, to the contrary, the Company may redeem the Notes prior to May 18, 2013, in whole, in order to preserve Boston Properties' status as a real estate investment trust under the Code.

(b) The Company, at it option, may redeem the Notes from time to time in whole or in part on or after May 18, 2013 if the Company has made at least 12 semi-annual interest payments (including the interest payments on November 15, 2006, and May 15, 2013) in the full amount required by this Fifth Supplemental Indenture and the Senior Indenture; *provided* that the Company may not provide notice of a redemption of Notes at the Company's option that specifies that the Company will settle exchanges of Notes prior to such redemption in cash and shares of Common Stock unless, at the time of such notice, the Company has available to it sufficient registered shares of Common Stock to satisfy its Exchange Obligation in respect of the Notes to be redeemed.

(c) Any redemption of Notes shall be at a Redemption Price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest; *provided*, however, that the Company may deduct from such Redemption Price any amount required to be deducted and withheld under applicable law.

Section 3.02. *Selection of Notes to be Redeemed.*

(a) The provisions of Section 11.03 of the Senior Indenture shall govern the selection of Notes to be redeemed by the Trustee; *provided*, however, that if less than all of the Notes are to be redeemed, the Trustee shall make the selection from the Notes of that series Outstanding and not previously called for redemption, by lot, or in its discretion, on a pro rata basis.

(b) If any Note selected for partial redemption is exchanged in part before termination of the exchange right with respect to the portion of the Note so selected, the exchanged portion of such Note shall be deemed to be part of the portion selected for redemption. Notes which have been exchanged subsequent to the Trustee commencing selection of Notes to be redeemed but prior to redemption of such Notes shall be treated by the Trustee as Outstanding for the purpose of such selection.

Section 3.03. *Notice of Redemption.* The provisions of Section 11.04 of the Senior Indenture shall govern notices of redemption of the Notes; *provided*, however, that in addition to the information specified in Section 11.04 of the Senior Indenture, notices of redemption of the Notes shall also state:

(a) the then-current Exchange Price;

(b) the name and address of the Exchange Agent; and

(c) that Holders who wish to exchange Notes must surrender such Notes for exchange no later than the close of business on the second Business Day immediately preceding the Redemption Date and must satisfy the other requirements set forth herein.

ARTICLE 4
PARTICULAR COVENANTS OF THE COMPANY

Section 4.01. *Payment of Principal and Interest.* (a) Sections 3.07 and 10.01 of the Senior Indenture shall apply to the Notes; *provided*, however, that, with respect to any Noteholder with an aggregate principal amount in excess of $1,000,000, at the application of such holder in writing to the Security Registrar not later than the relevant record date, accrued and unpaid interest on such holder's Notes shall be paid by wire transfer in immediately available funds to such holder's account in the United States supplied by such holder from time to time to the Trustee and Paying Agent (if different from Trustee); *provided further* that payment of accrued and unpaid interest made to the Depositary shall be paid by wire transfer in immediately available funds in accordance with such wire transfer instructions and other procedures provided by the Depositary from time to time.

(b) Except as otherwise provided in this Section 4.01(b), a holder of any Notes at the close of business on a Record Date shall be entitled to receive interest on such Notes on the corresponding Interest Payment Date. A Holder of any Notes as of a Record Date that are exchanged after the close of business on such Record Date and prior to the opening of business on the corresponding Interest Payment Date shall be entitled to receive interest on the principal amount of such Notes, notwithstanding the exchange of such Notes prior to such Interest Payment Date. However, a Holder that surrenders any Notes for exchange between the close of business on a Record Date and the opening of business on the corresponding Interest Payment Date shall be required to pay the Company an amount equal to the interest payable by the Company with respect to such Notes on such Interest Payment Date at the time such Holder surrenders such Securities for exchange, *provided*, however, that this sentence shall not apply to a Holder that converts Securities:

(i) in respect of which the Company has given notice of redemption pursuant to Section 3.03 on a Redemption Date that is after the relevant Record Date and on or prior to the relevant Interest Payment Date; or

(ii) to the extent of any overdue interest, if any overdue interest exists at the time of exchange with respect to such Notes.

Accordingly, a Holder that converts Notes under any of the circumstances described in clauses (i) or (ii) above will not be required to pay to the Company an amount equal to the interest payable by the Company with respect to such Notes on the relevant Interest Payment Date.

Section 4.02. *Maintenance of Office or Agency for Exchange Agent.* If at any time the Exchange Agent is not the Trustee or an office or agency designated or appointed by the Trustee, the Company will give prompt written notice to the Trustee of the location of such Exchange Agent. If at any time the Company shall fail to maintain an office or agency for the Exchange Agent, presentations, surrenders, notices and demands related to exchanges of Notes may be made or served at the Corporate Trust Office or the office or agency of the Trustee in the Borough of Manhattan, The City of New York.

ARTICLE 5
DEFAULTS AND REMEDIES

Section 5.01. *Events of Default.* The provisions of Section 5.01(1)-(5) of the Senior Indenture shall not be applicable to the Notes. As contemplated under Section 5.01(8) of the Senior Indenture, the following events, in addition to the events described in Section 5.01(6)-(7) of the Senior Indenture, shall be Events of Default with respect to the Notes:

(a) default in any payment of interest on any Note when due and payable and such default continues for a period of 30 days;

(b) default in the payment of principal of any Note when due and payable on the Maturity Date, upon redemption, repurchase, declaration or otherwise;

(c) failure by the Company to comply with its obligation to exchange the Notes into cash or a combination of cash and Common Stock, as applicable, upon exercise of a holder's exchange right, and such failure continues for a period of 10 days;

(d) failure by the Company to comply with its obligations under Article 7;

(e) failure by the Company to issue a Fundamental Change Company Notice in accordance with Section 9.02 when due, and such failure continues for a period of two days;

(f) failure by the Company for 90 days to comply with any of its other agreements (other than a covenant or warranty or default in whose performance or whose breach is elsewhere in this Section specifically provided for) contained in the Notes or the Indenture after written notice of such default from the Trustee or the holders of at least 25% in principal amount of the Notes then Outstanding has been received by the Company; or

(g) default by the Company under any bond, debenture, note, mortgage, indenture or other instrument under which there may be outstanding, or by which there may be secured or

evidenced, any Recourse indebtedness for money borrowed by the Company in excess of $50 million in the aggregate, whether such indebtedness now exists or shall hereafter be created, which default either (A) constitutes a failure to pay any portion of the principal of such Recourse indebtedness when due and payable at its stated maturity after the expiration of any applicable grace period with respect thereto (and without such Recourse indebtedness having been discharged) or (B) resulted in such Recourse indebtedness becoming or being declared due and payable prior to its stated maturity (and without such Recourse indebtedness having been discharged or such acceleration having been rescinded or annulled), and in each case such default shall not have been rescinded or annulled within 10 days after written notice of such default has been received by the Company.

Section 5.02. *Acceleration of Maturity; Rescission and Annulment.* Section 5.02 of the Senior Indenture shall not apply to the Notes. In case one or more Events of Default shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), then, and in each and every such case (other than an Event of Default specified in Section 5.01(6) or Section 5.01(7) of the Senior Indenture with respect to the Company), unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then Outstanding, by notice in writing to the Company (and to the Trustee if given by Noteholders), may declare 100% of the principal of and accrued and unpaid interest on all the Notes to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Senior Indenture, this Fifth Supplemental Indenture or the Notes to the contrary notwithstanding. If an Event of Default specified in Section 5.01(6) or Section 5.01(7) of the Senior Indenture occurs and is continuing with respect to the Company, the principal of all the Notes and any accrued and unpaid interest shall be immediately due and payable. This provision, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay installments of accrued and unpaid interest upon all Notes and the principal of any and all Notes that shall have become due otherwise than by acceleration (with interest on overdue installments of accrued and unpaid interest and accrued (to the extent that payment of such interest is enforceable under applicable law) and on such principal at the rate borne by the Notes during the period of such Default) and amounts due to the Trustee pursuant to Article 6 of the Senior Indenture, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all Events of Defaults under this Fifth Supplemental Indenture, other than the nonpayment of principal of and accrued and unpaid interest on Notes that shall have become due solely by such acceleration, shall have been cured or waived in accordance with the Senior Indenture as modified by this Fifth Supplemental Indenture, then and in every such case the holders of a majority in aggregate principal amount of the Notes then Outstanding, by written notice to the Company and to the Trustee, may waive all defaults or Events of Default with respect to the Notes and rescind and annul such declaration and its consequences and such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Fifth Supplemental Indenture; but

no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or Event of Default, or shall impair any right consequent thereon. The Company shall notify the Responsible Officer of the Trustee, promptly upon becoming aware thereof, of any Event of Default by delivering to the Trustee a statement specifying such Event of Default and any action the Company has taken, is taking or proposes to take with respect thereto.

ARTICLE 6
SUPPLEMENTAL INDENTURES

Section 6.01. *Supplemental Indentures Without Consent of Noteholders.* The provisions of Section 9.01 of the Senior Indenture shall not be applicable to the Notes. With respect to the Notes, without the consent of any Holders of Notes or coupons, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Senior Indenture, as modified by this Fifth Supplemental Indenture, in form satisfactory to the Trustee, for any of the following purposes:

(a) to cure any ambiguity, omission, defect or inconsistency in the Senior Indenture, as modified by this Fifth Supplemental Indenture;

(b) to provide for the assumption by a successor company of the obligations of the Company under the Senior Indenture, as modified by this Fifth Supplemental Indenture, pursuant to Article 7;

(c) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(d) to add guarantees with respect to the Notes;

(e) to secure the Notes;

(f) to add to the covenants of the Company for the benefit of the holders or surrender any right or power conferred upon the Company;

(g) to make any change that does not materially adversely affect the rights of any holder; or

(h) to comply with any requirements of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act.

Section 6.02. *Modification and Amendment with Consent of Noteholders.* With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental to the Senior Indenture, as modified by this Fifth

Supplemental Indenture, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Senior Indenture, as modified by this Fifth Supplemental Indenture, or of modifying in any manner the rights of the Holders of Notes and any related coupons under the Senior Indenture, as modified by this Fifth Supplemental Indenture; PROVIDED, HOWEVER, that no such supplemental indenture shall, without the consent of the Holder of each Note affected thereby:

(a) reduce the amount of aggregate principal amount of Notes the holders of which must consent to an amendment;

(b) reduce the rate, or extend the stated time for payment, of interest on any Note;

(c) reduce the principal, or extend the Maturity Date, of any Note;

(d) make any change that adversely affects the exchange rights of any Notes;

(e) reduce the Fundamental Change Repurchase Price, Redemption Price or Put Right Repurchase Price of any Note or amend or modify in any manner adverse to the holders of the Notes the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(f) change the place or currency of payment of principal or interest in respect of any Note;

(g) impair the right of any holder to receive payment of principal of, and interest on, such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(h) modify the ranking of the Notes in a manner adverse to the holders of the Notes; or

(i) make any change in the provisions of this Article 6 that require each holder's consent or in the waiver provisions of Section 5.01 or Article 5 of the Senior Indenture,

It shall not be necessary for any Act of Holders under this Section 6.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

A supplemental indenture which changes or eliminates any covenant or other provision of the Senior Indenture, as modified by this Fifth Supplemental Indenture, which has expressly been included solely for the benefit of the Notes, or which modifies the rights of the Holders of Notes with respect to such covenant or other provision, shall be deemed not to affect the rights under the Senior Indenture of the Holders of Securities of any other series.

Section 6.03. *Effect of Supplemental Indentures.* Upon the execution of any supplemental indenture under this Article, the Senior Indenture and this Fifth Supplemental Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Fifth Supplemental Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder and of any coupon appertaining thereto shall be bound thereby.

ARTICLE 7
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 7.01. *Company May Consolidate, Etc. on Certain Terms.* Section 8.01 of the Senior Indenture shall not be applicable to the Notes and in its place and stead the following provision shall be applicable:

The Company may consolidate with, or sell, lease or convey all or substantially all of its assets to, or merge with or into any other corporation, *provided* that in any such case, (1) either the Company, Boston Properties or another Person controlled by Boston Properties shall be the continuing corporation, or the successor corporation shall be a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia and such successor corporation shall expressly assume the due and punctual payment of the principal of (and premium or Make-Whole Amount, if any) and interest, if any, on the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Senior Indenture, as amended by the Fifth Supplemental Indenture, to be performed by the Company by supplemental indenture, complying with Article Nine of the Senior Indenture, as amended by this Fifth Supplemental Indenture, satisfactory to the Trustee, executed and delivered to the Trustee by such corporation and (2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or any Subsidiary as a result thereof as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or the lapse of time, or both, would become an Event of Default, shall have occurred and be continuing.

ARTICLE 8
EXCHANGE OF NOTES

Section 8.01. *Exchange Privilege.*

(a) Subject to the conditions described in clauses (b) through (f) below and to Section 8.11 hereof, and upon compliance with the provisions of this Article 8, a Holder of Notes shall have the right, at such Holder's option, to exchange all or any portion (if the portion to be exchanged is $1,000 principal amount or an integral multiple thereof) of such Note at any time prior to the close of business on the scheduled Trading Day immediately preceding May 18, 2013 at a rate (the "**Exchange Rate**") of 8.9461 shares of Common Stock (subject to adjustment by the Company as provided in Section 8.04) per $1,000 principal amount Note (the "**Exchange Obligation**") under the circumstances and during the periods set forth below. On and after May 18, 2013, regardless of the conditions described in clause (b) through (f) below, upon compliance with the provisions of this Article 8 and subject to Section 8.11 hereof, a Noteholder shall have the right, at such holder's option, to exchange all or any portion (if the portion to be exchanged is $1,000 principal amount or an integral multiple thereof) of such Note at any time prior to the close of business on the scheduled Trading Day immediately preceding the Maturity Date.

(b) A Holder of Notes shall have the right, at such Holder's option, to exchange its Notes prior to May 18, 2013, during the five Business Day period immediately after any ten consecutive Trading Day period (the "**Measurement Period**") in which the Trading Price per $1,000 principal amount of Notes for each day of such Measurement Period was less than 98% of the product of the Last Reported Sale Price of the Common Stock on such date and the Exchange Rate on such date, all as determined by the Trustee. The Trustee shall have no obligation to determine the Trading Price of the Notes unless requested by the Company to do so in writing, and the Company shall have no obligation to make such request unless a Noteholder of at least $1,000,000 aggregate principal amount of Notes provides the Company with reasonable evidence that the Trading Price per $1,000 principal amount of the Notes would be less than 98% of the product of the Last Reported Sale Price at such time and the then-applicable Exchange Rate, at which time the Company shall instruct the Trustee to determine the Trading Price of the Notes beginning on the next Trading Day and on each successive Trading Day until the Trading Price per $1,000 principal amount of the Notes is greater than or equal to 100% of the product of the Last Reported Sale Price on such date and the then-applicable Exchange Rate. If the Trading Price condition set forth above has been met, the Company shall so notify the Noteholders. If at any time after the Trading Price condition set forth above has been met, the Trading Price per $1,000 principal amount of Notes is greater than 100% of the product of the Last Reported Sale Price on such date and the then-applicable Exchange Rate, the Company shall so notify the Noteholders.

(c) A Holder of Notes shall have the right, at such Holder's option, to exchange Notes during any calendar quarter after the quarter ended June 30, 2006, and only during such calendar quarter, if the Last Reported Sale Price for the Common Stock for at least 20 Trading Days during the period of 30 consecutive Trading Days ending on the last Trading Day of the previous calendar quarter exceeds 130% of the Exchange Price (the "**Exchange Trigger Price**") on such last Trading Day, which Exchange Price shall be subject to adjustment in accordance with this Article 8. The Exchange Agent shall, on the Company's behalf, determine at the beginning of each calendar quarter whether the Notes are exchangeable as a result of the price of Common Stock and notify the Company and the Trustee.

(d) In the event that the Company has delivered a notice of redemption in accordance with Section 11.04 of the Senior Indenture and Section 3.03 of this Fifth Supplemental Indenture to the holders of Notes, a Holder of Notes may exchange Notes at any time prior to the close of business on the second Business Day immediately preceding the corresponding Redemption Date; *provided*, however, that a holder who has delivered a Fundamental Change Repurchase Notice with respect to a Note may not exchange such Note until the Holder has withdrawn the Fundamental Change Repurchase Notice in accordance with the terms of the Note and this Fifth Supplemental Indenture.

(e) (i) In the event that the Company or Boston Properties elects to:

(A) distribute to all or substantially all holders of Common Stock rights entitling them to purchase, for a period expiring within 60 days after the

record date for such distribution, Common Stock at a price less than the Last Reported Sale Price of the Common Stock for the Trading Day immediately preceding the declaration date of such distribution; or

(B) distribute to all or substantially all holders of Common Stock, assets or debt securities of the Company or Boston Properties or rights to purchase the Company's or Boston Properties' securities, which distribution has a per share value (as determined by the Board of Directors) exceeding 15% of the Last Reported Sale Price of the Common Stock on the day immediately preceding the date of declaration of such distribution,

then, in either case, holders may surrender the Notes for exchange at any time on and after the date that the Company provides notice to holders referred to in the next sentence until the earlier of the close of business on the Business Day immediately preceding the Ex-Dividend Date for such distribution or the date the Company announces that such distribution will not take place. The Company shall notify holders of any distribution referred to in either clause (A) or clause (B) above and of the resulting exchange right no later than the 35th Business Day prior to the Ex-Dividend Date for such distribution.

(ii) If the Company is a party to any transaction or event that constitutes a Fundamental Change, a holder may surrender Notes for exchange at any time from and after the 30th scheduled Trading Day prior to the anticipated Effective Date of such transaction or event until the related Fundamental Change Repurchase Date and, upon such surrender, the holder shall be entitled to the increase in the Exchange Rate, if any, specified in Section 8.01(g). The Company shall give notice to all record Noteholders and the Trustee and issue a press release of the Fundamental Change no later than 30 scheduled Trading Days prior to the anticipated effective date of the Fundamental Change.

(iii) If Boston Properties is a party to a consolidation, merger, binding share exchange or sale or conveyance of all or substantially all of its properties and assets, in each case pursuant to which the Common Stock would be converted into cash, securities and/or other property, then the holders shall have the right to exchange Notes at any time beginning fifteen calendar days prior to the date announced by the Company as the anticipated effective date of the transaction and until and including the date that is fifteen calendar days after the date that is the effective date of such transaction; provided such transaction does not otherwise constitute a Fundamental Change to which the provisions of Section 8.01(e)(ii) shall apply. The Company will notify holders of Notes at least 20 calendar days prior to the anticipated effective date of such transaction. If the Board of Directors determines the anticipated effective date of the transaction, such determination shall be conclusive and binding on the holders.

(f) The Notes shall be exchangeable at any time beginning on the first Business Day after any 30 consecutive Trading Day period during which Common Stock is not listed on either a U.S. national securities exchange or the Nasdaq National Market.

(g) (i) If a Noteholder elects to exchange Notes in connection with a Fundamental Change that occurs prior to May 18, 2013, the Exchange Rate applicable to each $1,000 principal amount of Notes so exchanged shall be increased by an additional number of shares of Common Stock (the "**Additional Shares**") as described below. Settlement of Notes tendered for exchange to which Additional Shares shall be added to the Exchange Rate as provided in this subsection shall be settled pursuant to Section 8.02 below, as applicable. For purposes of this Section 8.01(g), an exchange shall be deemed to be "in connection with" a Fundamental Change to the extent that the related exchange notice is delivered during the time period beginning on the 30th Trading Day prior to the anticipated Effective Date of such Fundamental Change and ending on the related Fundamental Change Repurchase Date, inclusive (regardless of whether the provisions of clauses (b), (c), (d), (e) or (f) of this Section 8.01 shall apply to such exchange). Such exchange notice shall indicate that the Holder of Notes has elected to exchange Notes in connection with a Fundamental Change; *provided*, however, that the failure to so indicate shall not in any way affect the Exchange Obligation or the right of such Holder to receive Additional Shares in connection with such exchange.

(ii) The number of Additional Shares by which the Exchange Rate will be increased shall be determined by reference to the table attached as Schedule A hereto, based on the date on which the Fundamental Change occurs or becomes effective (the "**Effective Date**"), and the Stock Price; *provided*, that if the Stock Price is between two Stock Price amounts in the table or the Effective Date is between two Effective Dates in the table, the number of Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the next higher and next lower Stock Price amounts and the two nearest Effective Dates, as applicable, based on a 365-day year; provided further that if (1) the Stock Price is greater than $300 per share of Common Stock (subject to adjustment in the same manner as set forth in Section 8.04), no Additional Shares will be added to the Exchange Rate, and (2) the Stock Price is less than $93.15 per share (subject to adjustment in the same manner as set forth in Section 8.04), no Additional Shares will be added to the Exchange Rate. Notwithstanding the foregoing, in no event will the total number of shares of Common Stock issuable upon exchange exceed 10.7353 per $1,000 principal amount of Notes (subject to adjustment in the same manner as set forth in Section 8.04).

(iii) The Stock Prices set forth in the first row of the table in Schedule A hereto shall be adjusted as of any date on which the Exchange Rate of the Notes is adjusted. The adjusted Stock Prices shall equal the Stock Prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the Exchange Rate in effect immediately prior to the adjustment giving rise to the Stock Price adjustment and the denominator of which is the Exchange Rate as so adjusted. The number of Additional Shares within the table shall be adjusted in the same manner as the Exchange Rate as set forth in Section 8.04 (other than by operation of an adjustment to the Exchange Rate by adding Additional Shares).

Section 8.02. *Exchange Procedures.*

(a) Subject to Section 8.02(b), the Company will satisfy the Exchange Obligation with respect to each $1,000 principal amount of Notes validly tendered for exchange in cash and

shares of fully paid Common Stock, if applicable, by delivering, on the third Trading Day immediately following the last day of the related Observation Period, cash and shares of Common Stock, if any, equal to the sum of the Daily Settlement Amounts for each of the 20 Trading Days during the related Observation Period; *provided* that the Company will deliver cash in lieu of fractional shares of Common Stock as set forth pursuant to clause (k) below. The Daily Settlement Amounts shall be determined by the Company promptly following the last day of the Observation Period.

(b) Notwithstanding Section 8.02(a), the Company shall satisfy the Exchange Obligation with respect to each $1,000 principal amount of Notes tendered for exchange to which Additional Shares shall be added to the Exchange Rate as set forth in Section 8.01(g) pursuant to this clause (b).

(A) If the last day of the applicable Observation Period related to Notes surrendered for exchange is prior to the third Trading Day preceding the Effective Date of the Fundamental Change, the Company will satisfy the related Exchange Obligation with respect to each $1,000 principal amount of Notes tendered for exchange as described in Section 8.02(b) by delivering the amount of cash and shares of Common Stock (based on the Exchange Rate, but without regard to the number of Additional Shares to be added to the Exchange Rate pursuant to Section 8.01(g)) on the third Trading Day immediately following the last day of the applicable Observation Period. As soon as practicable following the Effective Date of the Fundamental Change, the Company will deliver the increase in such amount of cash and Reference Property deliverable in lieu of shares of Common Stock, if any, as if the Exchange Rate had been increased by such number of Additional Shares during the related Observation Period (and based upon the related Daily VWAP prices during such Observation Period). If such increased amount of cash and shares, if any, results in an increase to the amount of cash to be paid to holders, the Company will pay such increase in cash, and if such increased amount results in an increase to the number of shares of Common Stock, the Company will deliver such increase by delivering Reference Property based on such increased number of shares.

(B) If the last day of the applicable Observation Period related to Notes surrendered for exchange is on or following the third scheduled Trading Day preceding the Effective Date of such Fundamental Change, the Company will satisfy the Exchange Obligation with respect to each $1,000 principal amount of Notes tendered for exchange as described in Section 8.01(e) (based on the Exchange Rate as increased by the Additional Shares pursuant to Section 8.01(g) above) on the later to occur of (x) the Effective Date of the Fundamental Change and (y) the third Trading Day immediately following the last day of the applicable Observation Period.

(c) Before any holder of a Note shall be entitled to exchange the same as set forth above, such holder shall (1) in the case of a Global Note, comply with the procedures of the Depositary in effect at that time and, if required, pay funds equal to interest payable on the next Interest Payment Date to which such holder is not entitled as set forth in Section 8.02(i) and, if

required, pay all taxes or duties, if any, and (2) in the case of a Note issued in certificated form, (A) complete and manually sign and deliver an irrevocable written notice to the Exchange Agent in the form on the reverse of such certificated Note (or a facsimile thereof) (a "**Notice of Exchange**") at the office of the Exchange Agent and shall state in writing therein the principal amount of Notes to be exchanged and the name or names (with addresses) in which such holder wishes the certificate or certificates for any shares of Common Stock, if any, to be delivered upon settlement of the Exchange Obligation to be registered, (B) surrender such Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Exchange Agent, (C) if required, pay funds equal to interest payable on the next Interest Payment Date to which such holder is not entitled as set forth in Section 8.02(i), and (D) if required, pay all taxes or duties, if any. A Note shall be deemed to have been exchanged immediately prior to the close of business on the date (the "**Exchange Date**") that the holder has complied with the requirements set forth in this Section 8.02(c).

No Notice of Exchange with respect to any Notes may be tendered by a holder thereof if such holder has also tendered a Put Right Repurchase Notice or a Fundamental Change Repurchase Notice and not validly withdrawn such Put Right Repurchase Notice or Fundamental Change Repurchase Notice in accordance with the applicable provisions of Section 9.01 or 9.02, as the case may be.

If more than one Note shall be surrendered for exchange at one time by the same holder, the Exchange Obligation with respect to such Notes, if any, that shall be payable upon exchange shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered.

(d) Delivery of the amounts owing in satisfaction of the Exchange Obligation shall be made by the Company in no event later than the date specified in Section 8.02(a), except to the extent specified in Section 8.02(b). The Company shall make such delivery by paying the cash amount owed to the Exchange Agent or to the holder of the Note surrendered for exchange, or such holder's nominee or nominees, and by issuing, or causing to be issued, and delivering to the Exchange Agent or to such holder, or such holder's nominee or nominees, certificates or a book-entry transfer through the Depositary for the number of full shares of Common Stock to which such holder shall be entitled as part of such Exchange Obligation (together with any cash in lieu of fractional shares).

(e) In case any Note shall be surrendered for partial exchange, the Company shall execute and the Trustee shall authenticate and deliver to or upon the written order of the holder of the Note so surrendered, without charge to such holder, a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unexchanged portion of the surrendered Notes.

(f) If a Holder submits a Note for exchange, the Company shall pay all stamp and other duties, if any, which may be imposed by the United States or any political subdivision thereof or taxing authority thereof or therein with respect to the issuance of shares of Common Stock, if any, upon the exchange. However, the Holder shall pay any such tax that is due because the holder requests any shares of Common Stock to be issued in a name other than the holder's name. The Exchange Agent may refuse to deliver the certificates representing the

shares of Common Stock being issued in a name other than the holder's name until the Trustee receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

(g) Except as provided in Section 8.04, no adjustment shall be made for dividends on any shares issued upon the exchange of any Note as provided in this Article.

(h) Upon the exchange of an interest in a Global Note, the Trustee, or the Custodian at the direction of the Trustee, shall make a notation on such Global Note as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any exchange of Notes effected through any Exchange Agent other than the Trustee.

(i) Upon exchange, a Noteholder will not receive any separate cash payment for accrued and unpaid interest, except as set forth below. The Company's settlement of its Exchange Obligation as described above shall be deemed to satisfy its obligation to pay the principal amount of the Note and accrued and unpaid interest to, but not including, the Exchange Date. As a result, accrued and unpaid interest to, but not including, the Exchange Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. Notwithstanding the preceding sentence, if Notes are exchanged after the close of business on a Record Date, holders of such Notes as of the close of business on the Record Date will receive the interest payable on such Notes on the corresponding Interest Payment Date notwithstanding the exchange. Notes surrendered for exchange during the period from the close of business on any regular Record Date to the opening of business on the corresponding Interest Payment Date must be accompanied by payment of an amount equal to the interest payable on the Notes so exchanged; *provided*, *however*, that no such payment need be made (1) if the Company has called the Notes for redemption or (2) to the extent of any overdue interest existing at the time of exchange with respect to such Note. Except as described above, no payment or adjustment will be made for accrued interest on exchanged Notes.

(j) The Person in whose name the certificate for any shares of Common Stock issued upon exchange is registered shall be treated as a stockholder of record on and after the Exchange Date; *provided*, *however*, that no surrender of Notes on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such exchange as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such exchange shall be at the Exchange Rate in effect on the date that such Notes shall have been surrendered for exchange, as if the stock transfer books of the Company had not been closed. Upon exchange of Notes, such Person shall no longer be a Noteholder.

(k) Notwithstanding any other provision of the Notes, no Holder of Notes shall be entitled to exchange such Notes for Common Stock if and to the extent that the Company has not received such Common Stock from Boston Properties. If the Company is unable to deliver shares to any Holder of Notes as described above, the Company will at the Company's option

either pay cash to such Holder in lieu of the Common Stock otherwise deliverable, or issue to such Holder a number of the Company's common units equal to the shortfall in the number of shares of Common Stock otherwise deliverable, with such common units having all the rights and privileges provided in the Company's agreement of limited partnership including the right by, and at Boston Properties' election, to have such units redeemed for cash in an amount equal to the fair market value of an equal number of shares of Common Stock or for an equal number of shares of Common Stock.

If the Company elects to deliver (x) Common Stock pursuant to clause (ii)(B) of the definition of "Daily Settlement Amount" and such stock constitutes "Restricted Securities" as defined in Rule 144 under the Securities Act or (y) the Company's common units in lieu of Common Stock pursuant to the immediately preceding paragraph, the Company shall issue to the Holder an additional 0.03 shares of Common Stock or 0.03 shares of the Company's common units, as applicable, for each share of Common Stock that would otherwise have been due upon exchange (the "**Additional Settlement Consideration**"). Any Additional Settlement Consideration shall be delivered at the time of the delivery of the Common Stock that would otherwise have been due upon exchange.

(l) No fractional shares of Common Stock shall be issued upon exchange of any Note or Notes. If more than one Note shall be surrendered for exchange at one time by the same holder, the number of full shares that shall be issued upon exchange thereof shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof) so surrendered. Instead of any fractional share of Common Stock that would otherwise be issued upon exchange of any Note or Notes (or specified portions thereof), the Company shall pay a cash adjustment in respect of such fraction (calculated to the nearest one-100th of a share) in an amount equal to the same fraction of the Last Reported Sale Price of the Common Stock on the last day of the applicable Observation Period.

Section 8.03. *Reserved.*

Section 8.04. *Adjustment of Exchange Rate.* The Exchange Rate shall be adjusted from time to time by the Company as follows:

(a) In case Boston Properties shall issue shares of Common Stock as a dividend or distribution to holders of the outstanding Common Stock, or shall effect a subdivision into a greater number of shares of Common Stock or combination into a lesser number of shares of Common Stock, the Exchange Rate shall be adjusted based on the following formula:

$$ER' = ER_0 \times \frac{OS'}{OS_0}$$

where

ER_0 = the Exchange Rate in effect immediately prior to such event;

ER´ = the Exchange Rate in effect immediately after such event;

OS_0 = the number of shares of Common Stock outstanding immediately prior to such event; and

OS´ = the number of shares of Common Stock outstanding immediately after such event.

Such adjustment shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the record date fixed for such determination. If any dividend or distribution of the type described in this Section 8.04(a) is declared but not so paid or made, or the outstanding shares of Common Stock are not subdivided or combined, as the case may be, the Exchange Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, or subdivide or combine the outstanding shares of Common Stock, as the case may be, to the Exchange Rate that would then be in effect if such dividend, distribution, subdivision or combination had not been declared.

(b) In case Boston Properties shall issue to all or substantially all holders of its outstanding shares of Common Stock rights, warrants or convertible securities entitling them (for a period expiring within sixty (60) calendar days after the issuance thereof) to subscribe for or purchase shares of Common Stock at a price per share less than the Last Reported Sale Price of the Common Stock on the Business Day immediately preceding the date of announcement of such issuance, the Exchange Rate shall be adjusted based on the following formula:

$$ER´ = ER_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where

ER_0 = the Exchange Rate in effect immediately prior to such event;

ER´ = the Exchange Rate in effect immediately after such event;

OS_0 = the number of shares of Common Stock outstanding immediately prior to such event;

X = the total number of shares of Common Stock issuable pursuant to such rights, warrants or convertible securities; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights, warrants or convertible securities divided by the average of the Last Reported Sale Prices of Common Stock over the ten consecutive Trading Day period ending on the Business Day immediately preceding the record date (or, if earlier, the Ex-Dividend Date) for the issuance of such rights, warrants or convertible securities.

Such adjustment shall be successively made whenever any such rights, warrants or convertible securities are issued and shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the date fixed for such determination. If such rights, warrants or convertible securities are not so exercised prior to their expiration, the Exchange Rate shall again be adjusted to be the Exchange Rate that would then be in effect if such record date for such distribution had not been fixed.

In determining whether any rights, warrants or convertible securities entitle the holders to subscribe for or purchase shares of Common Stock at less than such Last Reported Sale Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by Boston Properties for such rights, warrants or convertible securities and any amount payable on exercise or exchange thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case Boston Properties shall, by dividend or otherwise, distribute to all or substantially all holders of its Common Stock shares of any class of Capital Stock of Boston Properties (other than Common Stock as covered by Section 8.04(a)), evidences of its indebtedness or other assets or property of Boston Properties (including securities, but excluding dividends and distributions covered by Section 8.04(b) or Section 8.04(d) and distributions described below in this paragraph (c) with respect to Spin-Offs) (any of such shares of Capital Stock, indebtedness, or other asset or property hereinafter in this Section 8.04(c) called the "**Distributed Property**"), then, in each such case the Exchange Rate shall be adjusted based on the following formula:

$$ER' = ER_0 \times \frac{SP_0}{SP_0 - FMV}$$

where

ER_0 = the Exchange Rate in effect immediately prior to such distribution;

ER' = the Exchange Rate in effect immediately after such distribution;

SP_0 = the average of the Last Reported Sale Prices of the Common Stock over the ten consecutive Trading Day period ending on the Business Day immediately preceding the Record Date for such distribution (or, if earlier, the Ex-Dividend Date); and

FMV = the fair market value (as determined by the Board of Directors) of the shares of Capital Stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of Common Stock on the record date for such distribution (or, if earlier, the Ex-Dividend Date).

Such adjustment shall become effective immediately prior to 9:00 a.m., New York City time, on the Business Day following the date fixed for the determination of stockholders entitled to receive such distribution; *provided* that if the then fair market value (as so determined) of the portion of the Distributed Property so distributed applicable to one share of Common Stock is equal to or greater than SP_0 as set forth above, in lieu of the foregoing adjustment, adequate

provision shall be made so that each Noteholder shall have the right to receive, for each $1,000 principal amount of Notes upon exchange, the amount of Distributed Property such holder would have received had such holder owned a number of shares of Common Stock equal to the Exchange Rate on the Record Date. If such dividend or distribution is not so paid or made, the Exchange Rate shall again be adjusted to be the Exchange Rate that would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 8.04(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in determining SP_0 above.

With respect to an adjustment pursuant to this Section 8.04(c) where there has been a payment of a dividend or other distribution on the Common Stock or shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit (a "**Spin-Off**"), the Exchange Rate in effect immediately before 5:00 p.m., New York City time, on the Record Date fixed for determination of stockholders entitled to receive the distribution will be increased based on the following formula:

$$ER' = ER_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where

ER_0 = the Exchange Rate in effect immediately prior to such distribution;

ER' = the Exchange Rate in effect immediately after such distribution;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of Common Stock applicable to one share of Common Stock over the first ten consecutive Trading Day period after the effective date of the Spin-Off; and

MP_0 = the average of the Last Reported Sale Prices of Common Stock over the first ten consecutive Trading Day period after the effective date of the Spin-Off.

Such adjustment shall occur on the tenth Trading Day from, and including, the effective date of the Spin-Off; *provided* that in respect of any exchange within the ten Trading Days following any Spin-Off, references within this paragraph (c) to ten days shall be deemed replaced with such lesser number of Trading Days as have elapsed between such Spin-Off and the exchange date in determining the applicable Exchange Rate.

Rights or warrants distributed by Boston Properties to all holders of Common Stock, entitling the holders thereof to subscribe for or purchase shares of Boston Properties' Capital Stock, including Common Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 8.04 (and no adjustment to the Exchange Rate under this

Section 8.04 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Exchange Rate shall be made under this Section 8.04(c). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Fifth Supplemental Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Exchange Rate under this Section 8.04 was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Exchange Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Exchange Rate shall be readjusted as if such rights and warrants had not been issued.

For purposes of this Section 8.04(c), Section 8.04(a) and Section 8.04(b), any dividend or distribution to which this Section 8.04(c) is applicable that also includes shares of Common Stock to which Section 8.04(a) applies or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 8.04(a) or Section 8.04(b) applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of capital stock other than such shares of Common Stock or rights or warrants to which Section 8.04(c) applies (and any Exchange Rate adjustment required by this Section 8.04(c) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Exchange Rate adjustment required by Section 8.04(a) and Section 8.04(b) with respect to such dividend or distribution shall then be made), except (A) the record date of such dividend or distribution shall be substituted as “the record date” and “the date fixed for such determination” within the meaning of Section 8.04(a) and Section 8.04(b) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed “outstanding immediately prior to such event” within the meaning of Section 8.04(a).

(d) In case Boston Properties shall pay a dividend or make a distribution consisting exclusively of cash to all or substantially all holders of its Common Stock to the extent that the aggregate of all such cash dividends or distributions paid in any quarter exceeds the Dividend Threshold Amount for such quarter, the Exchange Rate shall be adjusted based on the following formula:

$$ER' = ER_0 \times \frac{SP_0 - T}{SP_0 - C}$$

where

ER_0 = the Exchange Rate in effect immediately prior to the Record Date for such distribution;

ER´ = the Exchange Rate in effect immediately after the Record Date for such distribution;

SP_0 = the average of the Last Reported Sale Prices of the Common Stock over the period of ten consecutive Trading Days ending the Business Day immediately preceding the record date (as defined in clause (f) of this Section) for such distribution (or, if earlier, the Ex-Dividend date relating to such distribution); and

T = the dividend threshold amount ("*Dividend Threshold Amount"*), which amount shall initially be $0.68 per quarter and which shall be appropriately adjusted from time to time for any share dividends on, or subdivisions or combinations of, *Common Stock*; *provided*, that if an Exchange Rate adjustment is required to be made as a result of a distribution that is not a quarterly dividend either in whole or in part, the Dividend Threshold Amount shall be deemed to be zero; and

C = the amount in cash per share that Boston Properties distributes to holders of Common Stock.

Such adjustment shall become effective immediately after 5:00 p.m., New York City time, on the record date for such dividend or distribution; *provided* that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than SP_0 above, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon exchange of a Note (or any portion thereof) the amount of cash such holder would have received had such holder owned a number of shares equal to the Exchange Rate on the record date. If such dividend or distribution is not so paid or made, the Exchange Rate shall again be adjusted to be the Exchange Rate that would then be in effect if such dividend or distribution had not been declared.

For the avoidance of doubt, for purposes of this Section 8.04(d), in the event of any reclassification of the Common Stock, as a result of which the Notes become exchangeable into more than one class of Common Stock, if an adjustment to the Exchange Rate is required pursuant to this Section 8.04(d), references in this Section to one share of Common Stock or Last Reported Sale Price of one share of Common Stock shall be deemed to refer to a unit or to the price of a unit consisting of the number of shares of each class of Common Stock into which the Notes are then exchangeable equal to the number of shares of such class issued in respect of one share of Common Stock in such reclassification. The above provisions of this paragraph shall similarly apply to successive reclassifications.

(e) In case Boston Properties or any of its Subsidiaries makes a payment in respect of a tender offer or exchange offer for all or any portion of the Common Stock, to the extent that the

cash and value of any other consideration included in the payment per share of Common Stock exceeds the Last Reported Sale Price of the Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended), the Exchange Rate shall be increased based on the following formula:

$$ER' = ER_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where

ER_0 = the Exchange Rate in effect on the date such tender or exchange offer expires;

ER' = the Exchange Rate in effect on the day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for shares purchased in such tender or exchange offer;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires;

OS' = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires; and

SP' = the average of the Last Reported Sale Prices of Common Stock over the ten consecutive Trading Day period commencing on the Trading Day next succeeding the date such tender or exchange offer expires,

such adjustment to become effective immediately prior to the opening of business on the day following the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer. If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting all or any such purchases or all or any portion of such purchases are rescinded, the Exchange Rate shall again be adjusted to be the Exchange Rate that would then be in effect if such tender or exchange offer had not been made or had only been made in respect of the purchases that had been effected. No adjustment to the Exchange Rate will be made if the application of the foregoing formulae would result in a decrease in the Exchange Rate.

(f) For purposes of this Section 8.04 the term "**record date**" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or exchanged into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(g) In addition to those required by clauses (a), (b), (c), (d), and (e) of this Section 8.04, and to the extent permitted by applicable law and subject to the applicable rules of the New York Stock Exchange, the Company from time to time may increase the Exchange Rate by any amount for a period of at least 20 days if the Board of Directors determines that such increase would be in the Company's best interest. In addition, the Company may also (but is not required to) increase the Exchange Rate to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock in connection with any dividend or distribution of shares (or rights to acquire shares) or similar event. Whenever the Exchange Rate is increased pursuant to the preceding sentence, the Company shall mail to the holder of each Note at his last address appearing on the Security Register provided for in Section 2.06 a notice of the increase at least five days prior to the date the increased Exchange Rate takes effect, and such notice shall state the increased Exchange Rate and the period during which it will be in effect.

(h) All calculations and other determinations under this Article 8 shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be. No adjustment shall be made for the Company's issuance of Common Stock or any securities convertible into or exchangeable for Common Stock, or the right to purchase Common Stock or such convertible or exchangeable securities, other than as provided in this Section 8.04. No adjustment shall be made to the Exchange Rate unless such adjustment would require a change of at least 1% in the Exchange Rate then in effect at such time. The Company shall carry forward any adjustments that are less than 1% of the Exchange Rate and make such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1% within one year of the first such adjustment carried forward, upon a Fundamental Change, upon any call of the notes for redemption or upon maturity.

(i) Whenever the Exchange Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any Exchange Agent other than the Trustee an Officers' Certificate setting forth the Exchange Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. The Trustee and Exchange Agent may conclusively rely on the accuracy of the Exchange Rate adjustment provided by the Company. Unless and until a Responsible Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Exchange Rate and may assume without inquiry that the last Exchange Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Exchange Rate setting forth the adjusted Exchange Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Exchange Rate to the holder of each Note at his last address appearing on the Security Register provided for in Section 2.06 of this Fifth Supplemental Indenture, within thirty (30) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(j) For purposes of this Section 8.04, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 8.05. *Shares to be Fully Paid.* Subject to Section 8.02(k), the Company shall provide, free from preemptive rights, sufficient shares of Common Stock to provide for exchange of the Notes from time to time as such Notes are presented for exchange.

Section 8.06. *Effect of Reclassification, Consolidation, Merger or Sale.* If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a split, subdivision or combination), (ii) any consolidation, merger or combination of Boston Properties with another Person, or (iii) any sale or conveyance of all or substantially all of the property and assets of Boston Properties to any other Person, in either case as a result of which holders of Common Stock shall be entitled to receive cash, securities or other property or assets with respect to or in exchange for such Common Stock (any such event a "**Merger Event**"), then:

(a) the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture if such supplemental indenture is then required to so comply) providing for the exchange and settlement of the Notes as set forth in this Fifth Supplemental Indenture. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article and the Trustee may conclusively rely on the determination by the Company of the equivalency of such adjustments. If, in the case of any Merger Event, the Reference Property includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such reclassification, change, consolidation, merger, combination, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the holders of the Notes as the Board of Directors shall reasonably consider necessary by reason of the foregoing, including to the extent required by the Board of Directors and practicable the provisions providing for the repurchase rights set forth in Article 9 herein.

In the event the Company shall execute a supplemental indenture pursuant to this Section 8.06, the Company shall file with the Trustee an Officers' Certificate briefly stating the kind or amount of cash, securities or property or asset that will constitute the Reference Property after any such Merger Event, any adjustment to be made with respect thereto, and the Trustee shall promptly mail notice thereof to all Noteholders.

(b) Notwithstanding the provisions of Section 8.02(a) and Section 8.02(b), and subject to the provisions of Section 8.01, at the effective time of such Merger Event, the right to exchange each $1,000 principal amount of Notes will be changed to a right to exchange such Note by reference to the kind and amount of cash, securities or other property or assets that a holder of a number of shares of Common Stock equal to the Exchange Rate immediately prior to such transaction would have owned or been entitled to receive (the "**Reference Property**") such that from and after the effective time of such transaction, a Noteholder will be entitled thereafter to exchange its Notes into cash (up to the aggregate principal amount thereof) and the same type (and in the same proportion) of Reference Property, based on the Daily Settlement Amounts of Reference Property in an amount equal to the applicable Exchange Rate, as described under

Section 8.02(b). For purposes of determining the constitution of Reference Property, the type and amount of consideration that a holder of Common Stock would have been entitled to in the case of reclassifications, consolidations, mergers, sales or conveyance of assets or other transactions that cause the Common Stock to be exchanged into the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election) will be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election. The Company shall not become a party to any such transaction unless its terms are consistent with the preceding. None of the foregoing provisions shall affect the right of a holder of Notes to exchange its Notes in accordance with the provisions of Article 8 hereof prior to the effective date.

(c) The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Noteholder, at his address appearing on the Security Register provided for in this Fifth Supplemental Indenture, within thirty (30) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

(d) The above provisions of this Section shall similarly apply to successive Merger Events.

Section 8.07. *Certain Covenants.* The Company covenants that all shares of Common Stock delivered upon exchange of Notes will be fully paid and non-assessable by Boston Properties and free from all taxes, liens and changes with respect to the issue thereof.

Section 8.08. *Responsibility of Trustee.* The Trustee and any other Exchange Agent shall not at any time be under any duty or responsibility to any Noteholder to determine the Exchange Rate or whether any facts exist which may require any adjustment of the Exchange Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Exchange Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the exchange of any Note; and the Trustee and any other Exchange Agent make no representations with respect thereto. Neither the Trustee nor any Exchange Agent shall be responsible for any failure of the Company to transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of exchange or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article.

Without limiting the generality of the foregoing, neither the Trustee nor any Exchange Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 8.06 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Noteholders upon the exchange of their Notes after any event referred to in such Section 8.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Article 6 of the Senior Indenture, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate with respect thereto.

Section 8.09. *Notice to Holders Prior to Certain Actions.*

In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Exchange Rate pursuant to Section 8.04; or

(b) the Company shall authorize the granting to all of the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants;

(c) of any reclassification of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company shall cause to be filed with the Trustee and to be mailed to each Noteholder at his address appearing on the Security Register as promptly as possible but in any event at least thirty (30) days prior to the applicable date specified in clause (x) or (y) below, as the case may be, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

Section 8.10. *Shareholder Rights Plans.* Upon exchange of the Notes, the holders shall receive, in addition to any shares of Common Stock issuable upon such exchange, the associated rights issued under the Rights Plan or under any future shareholder rights plan Boston Properties adopts unless, prior to exchange, the rights have separated from the Common Stock, expired, terminated or been redeemed or exchanged in accordance with the Rights Plan. If, and only if, the holders receive rights under such shareholder rights plans as described in the preceding sentence upon exchange of their Notes, then no other adjustment pursuant to this Article 8 shall be made in connection with such shareholder rights plans.

Section 8.11. *Ownership Limit.* Notwithstanding any other provision of this Fifth Supplemental Indenture or the Notes, no holder of Notes shall be entitled to exchange such Notes for shares of Common Stock to the extent that receipt of such shares would cause such holder (together with such holder's affiliates) to exceed the applicable ownership limit contained in the certificate of incorporation of Boston Properties, Inc.

ARTICLE 9

REPURCHASE OF NOTES AT OPTION OF HOLDERS

Section 9.01. *Repurchase of Securities at Option of the Holder on Specified Dates.*

(a) The provisions of Article Thirteen of the Senior Indenture shall not be applicable to the Notes.

(b) At the option of the holder thereof, Notes shall be repurchased by the Company in accordance with the provisions of the Notes on May 18, 2013, May 15, 2016, May 15, 2021, May 15, 2026 and May 15, 2031 (each, a "**Put Right Repurchase Date**") at a repurchase price per Note equal to 100% of the aggregate principal amount of the Notes being repurchased, together with any accrued and unpaid interest to, but not including, such Put Right Repurchase Date (the "**Put Right Repurchase Price**").

Repurchases of Notes by the Company pursuant to this Section 9.01 shall be made, at the option of the holder thereof, upon:

(i) delivery to the Trustee (or other Paying Agent appointed by the Company) by the holder of a written notice of purchase (a "**Put Right Repurchase Notice**") in the form set forth on the reverse of the Note at any time from the opening of business on the date that is 25 Business Days prior to the applicable Put Right Repurchase Date until the close of business on the fifth Business Day prior to such Put Right Repurchase Date stating:

(A) if certificated, the certificate numbers of the Notes to be delivered for repurchase;

(B) the portion of the principal amount of the Notes to be repurchased, which must be $1,000 or an integral multiple thereof, and

(C) that the Notes are to be repurchased as of the applicable Put Right Repurchase Date pursuant to the terms and conditions specified in the Notes and in this Fifth Supplemental Indenture, and

(ii) delivery of such Note to the Paying Agent prior to, on or after the Put Right Repurchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the holder of the Put Right Repurchase Price therefor, which shall be so paid pursuant to this Section 9.01 only if the Note so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Put Right Repurchase Notice, as determined by the Company.

The Company shall repurchase from the holder thereof, pursuant to this Section 9.01, a portion of a Note if the principal amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Fifth Supplemental Indenture that apply to the repurchase of all of a Note also apply to the repurchase of such portion of such Note.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 9.01 shall be consummated by the delivery of the consideration to be received by the holder promptly following the later of the Put Right Repurchase Date and the time of delivery of the Note.

The Trustee (or other Paying Agent appointed by the Company) shall promptly notify the Company of the receipt by it of any Put Right Repurchase Notice or written notice of withdrawal thereof in accordance with the provisions of Section 9.01(e).

Any Note that is to be repurchased only in part shall be surrendered to the Trustee (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and make available for delivery to the holder of such Note without service charge, a new Note or Notes, containing identical terms and conditions, each in an authorized denomination in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Note so surrendered.

(c) In connection with any purchase of Notes pursuant to this Section 9.01, the Company shall give written notice of the Put Right Repurchase Date to the holders (the "**Company Put Right Notice**").

The Company Put Right Notice shall be sent by first-class mail to the Trustee and to each holder (and to each beneficial owner as required by applicable law) that has delivered a Put Right Repurchase Notice within 10 Business Days of receipt of such Put Right Repurchase Notice, or, if a shorter period, at least two Business Days prior to any Put Right Repurchase Date (the "**Company Put Right Notice Date**"). Each Company Put Right Notice shall include a form of Put Right Repurchase Notice to be completed by a Noteholder and shall state:

(i) the Put Right Repurchase Price and the Exchange Price;

(ii) the name and address of the Paying Agent and the Exchange Agent;

(iii) that Notes as to which a Put Right Repurchase Notice has been given may be exchanged in accordance with Article 8 hereof only if the applicable Put Right Repurchase Notice has been withdrawn in accordance with the terms of this Fifth Supplemental Indenture;

(iv) that Notes must be surrendered to the Paying Agent to collect payment;

(v) that the Put Right Repurchase Price for any Note as to which a Put Right Repurchase Notice has been given and not withdrawn will be paid promptly following the later of the Put Right Repurchase Date and the time of surrender of such Note as described in subclause (iv) above;

(vi) the procedures the holder must follow to exercise rights under this Section and a brief description of those rights;

(vii) briefly, the exchange rights of the Notes;

(viii) the procedures for withdrawing a Put Right Repurchase Notice (including pursuant to the terms of Section 9.01(e);

(ix) that, unless the Company defaults in making payment on Notes for which a Put Right Repurchase Notice has been submitted, interest on the Notes in respect of which a Put Right Repurchase Notice has been delivered and not withdrawn will cease to accrue on the Put Right Repurchase Date; and

(x) the CUSIP number of the Notes.

If any of the Notes are to be redeemed in the form of a Global Note, the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to redemptions.

At the Company's request, the Trustee shall give such Company Put Right Notice in the Company's name and at the Company's expense; *provided, however*, that, in all cases, the text of such Company Put Right Notice shall be prepared by the Company.

(d) Upon receipt by the Trustee (or other Paying Agent appointed by the Company) of the Put Right Repurchase Notice specified in Section 9.01(a), the holder of the Note in respect of which such Put Right Repurchase Notice was given shall (unless such Put Right Repurchase Notice is withdrawn as specified in Section 9.01(e)) thereafter be entitled to receive solely the Put Right Repurchase Price with respect to such Note. Such Put Right Repurchase Price shall be paid to such holder, subject to receipt of funds by the Paying Agent, promptly following the later of (x) the Put Right Repurchase Date with respect to such Note (provided the conditions in Section 9.01(a) have been satisfied) and (y) the time of delivery of such Note to the Paying Agent by the holder thereof in the manner required by Section 9.01(a). Notes in respect of which a Put Right Repurchase Notice has been given by the holder thereof may not be exchanged pursuant to Article 8 hereof on or after the date of the delivery of such Put Right Repurchase Notice, unless such Put Right Repurchase Notice has first been validly withdrawn as specified in Section 9.01(e).

(e) A Put Right Repurchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Put Right Repurchase Notice at any time prior to 10:00 A.M. New York City time on the fourth business on the Business Day prior to the Put Right Repurchase Date specifying:

(i) if certificated Notes have been issued, the certificate numbers of the withdrawn Notes,

(ii) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Notes that remains subject to the original Put Right Repurchase Notice, which portion must be in principal amounts of $1,000 or an integral multiple of $1,000;

provided, however, that if the Notes are not in certificated form, the notice must comply with appropriate procedures of the Depositary.

A written notice of withdrawal of a Put Right Repurchase Notice shall be in the form set forth in the preceding paragraph.

Upon receipt of a written notice of withdrawal, the Paying Agent shall promptly return to the holders thereof any Notes in respect of which a Put Right Repurchase Notice has been withdrawn in accordance with the provisions of Section 9.01(f).

(f) There shall be no repurchase of any Notes pursuant to this Section 9.01 if there has occurred (prior to, on or after, as the case may be, the giving, by the holders of such Notes, of the required Put Right Repurchase Notice) and is continuing an Event of Default with respect to Notes of such series (other than a default in the payment of the Put Right Repurchase Price with respect to such Notes). The Paying Agent will promptly return to the respective holders thereof any Notes held by it during the continuance of an Event of Default with respect to Notes of such series (other than a default in the payment of the Put Right Repurchase Price with respect to such Notes), in which case, upon such return, the Put Right Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

(g) Prior to 11:00 a.m. (local time in The City of New York) on the Put Right Repurchase Date, the Company shall deposit with the Trustee (or other Paying Agent appointed by the Company or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust in accordance with the terms of the Senior Indenture as modified by this Fifth Supplemental Indenture) an amount (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Put Right Repurchase Price of all the Notes or portions thereof which are to be purchased as of the Put Right Repurchase Date. The manner in which the deposit required by this Section 9.01(g) is made by the Company shall be at the option of the Company; *provided* that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the Put Right Repurchase Date.

If the Trustee (or other Paying Agent appointed by the Company) holds, in accordance with the terms hereof, money sufficient to pay the Put Right Repurchase Price of any Note, then, on the Put Right Repurchase Date, such Note will cease to be Outstanding and the rights of the holder in respect thereof shall terminate (other than the right to receive the Put Right Repurchase Price as aforesaid).

To the extent that the aggregate amount of cash deposited by the Company pursuant to this Section 9.01(g) exceeds the aggregate Put Right Repurchase Price of the Notes or portions thereof that the Company is obligated to purchase, then promptly after the Put Right Repurchase Date the Trustee or a Paying Agent, as the case may be, shall return any such excess cash to the Company.

Section 9.02. *Repurchase at Option of Holders Upon a Fundamental Change.*

(a) If a Fundamental Change occurs at any time, then each Noteholder shall have the right, at such holder's option, to require the Company to repurchase all of such holder's Notes or any portion thereof that is a multiple of $1,000 principal amount, for cash on the date (the "**Fundamental Change Repurchase Date**") specified by the Company that is not less than twenty (20) Business Days and not more than thirty-five (35) Business Days after the date of the Fundamental Change Company Notice (as defined below) at a repurchase price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon to, but excluding, the Fundamental Change Repurchase Date (the "**Fundamental Change Repurchase Price**").

Repurchases of Notes under this Section 9.02 shall be made, at the option of the holder thereof, upon:

(i) delivery to the Trustee (or other Paying Agent appointed by the Company) by a holder of a duly completed notice (the "**Fundamental Change Repurchase Notice**") in the form set forth on the reverse of the Note prior to the close of business on the Fundamental Change Repurchase Date; and

(ii) delivery or book-entry transfer of the Notes to the Trustee (or other Paying Agent appointed by the Company) at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements) at the Corporate Trust Office of the Trustee (or other Paying Agent appointed by the Company) in the Borough of Manhattan, such delivery being a condition to receipt by the holder of the Fundamental Change Repurchase Price therefor; *provided* that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 9.02 only if the Note so delivered to the Trustee (or other Paying Agent appointed by the Company) shall conform in all respects to the description thereof in the related Fundamental Change Repurchase Notice.

The Fundamental Change Repurchase Notice shall state:

(A) if certificated, the certificate numbers of Notes to be delivered for repurchase;

(B) the portion of the principal amount of Notes to be repurchased, which must be $1,000 or an integral multiple thereof; and

(C) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes, the Senior Indenture and this Fifth Supplemental Indenture.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 9.02 shall be consummated by the delivery of the consideration to be received by the holder promptly following the later of the Fundamental Change Repurchase Date and the time of the book-entry transfer or delivery of the Note.

The Trustee (or other Paying Agent appointed by the Company) shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof in accordance with the provisions of Section 9.02(c).

Any Note that is to be repurchased only in part shall be surrendered to the Trustee (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and make available for delivery to the holder of such Note without service charge, a new Note or Notes, containing identical terms and conditions, each in an authorized denomination in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Note so surrendered.

(b) On or before the twentieth day after the occurrence of any Fundamental Change, the Company shall provide to all holders of record of the Notes and the Trustee and Paying Agent a notice (the "**Fundamental Change Company Notice**") of the occurrence of such Fundamental Change and of the repurchase right at the option of the holders arising as a result thereof. Such mailing shall be by first class mail. Simultaneously with providing such Fundamental Change Company Notice, the Company shall publish a notice containing the information included therein once in a newspaper of general circulation in The City of New York or publish such information on the Company's website or through such other public medium as the Company may use at such time.

Each Fundamental Change Company Notice shall specify:

(i) the events causing the Fundamental Change;

(ii) the date of the Fundamental Change;

(iii) that the holder must exercise the repurchase right on or prior to the close of business on the Fundamental Change Repurchase Date;

(iv) the Fundamental Change Repurchase Price;

(v) the Fundamental Change Repurchase Date;

(vi) the name and address of the Paying Agent and the Exchange Agent;

(vii) the applicable Exchange Rate and any adjustments to the applicable Exchange Rate;

(viii) that the Notes with respect to which a Fundamental Change Repurchase Notice has been delivered by a holder may be exchanged only if the holder withdraws the Fundamental Change Repurchase Notice in accordance with the terms of the Senior Indenture and this Fifth Supplemental Indenture; and

(ix) the procedures that holders must follow to require the Company to repurchase their Notes.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Noteholders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 9.02.

(c) A Fundamental Change Repurchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the Paying Agent in accordance with the Fundamental Change Company Notice at any time prior to the close of business on the Business Day prior to the Fundamental Change Repurchase Date, specifying:

(i) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted;

(ii) if certificated Notes have been issued, the certificate numbers of the withdrawn Notes; and

(iii) the principal amount, if any, of such Notes that remains subject to the original Fundamental Change Repurchase Notice, which portion must be in principal amounts of $1,000 or an integral multiple of $1,000;

provided, *however*, that if the Notes are not in certificated form, the notice must comply with appropriate procedures of the Depositary.

(d) On or prior to 11:00 a.m. (local time in The City of New York) on the second Business Day following the Fundamental Change Repurchase Date, the Company will deposit with the Trustee (or other Paying Agent appointed by the Company or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust in accordance with the Senior Indenture as modified by this Fifth Supplemental Indenture) an amount of money sufficient to repurchase on the Fundamental Change Repurchase Date all of the Notes to be repurchased on such date at the Fundamental Change Repurchase Price. Subject to receipt of funds and/or Notes by the Trustee (or other Paying Agent appointed by the Company), payment for Notes surrendered for repurchase (and not withdrawn) prior to the close of business on the Fundamental Change Repurchase Date will be made promptly after the later of (x) the Fundamental Change Repurchase Date with respect to such Note (provided the holder has satisfied the conditions to the payment of the Fundamental Change Repurchase Price in Section 9.02), and (y) the time of book-entry transfer or the delivery of such Note to the Trustee (or other Paying Agent appointed by the Company) by the holder thereof in the manner required by Section 9.02 by mailing checks for the amount payable to the holders of such Notes entitled thereto as they shall appear in the Security Register, *provided*, *however*, that payments to the Depositary shall be made by wire transfer of immediately available funds to the account of the Depositary or its nominee. The Trustee shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Fundamental Change Repurchase Price.

(e) If the Trustee (or other Paying Agent appointed by the Company) holds money or securities sufficient to repurchase on the Fundamental Change Repurchase Date all the Notes or portions thereof that are to be purchased as of the second Business Day following the Fundamental Change Repurchase Date, then on and after the Fundamental Change Repurchase Date (i) such Notes will cease to be Outstanding, (ii) interest will cease to accrue on such Notes, and (iii) all other rights of the holders of such Notes will terminate, whether or not book-entry transfer of the Notes has been made or the Notes have been delivered to the Trustee or Paying Agent, other than the right to receive the Fundamental Change Repurchase Price upon delivery of the Notes.

ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 10.01. *Ratification of Senior Indenture*. Except as expressly modified or amended hereby, the Senior Indenture continues in full force and effect and is in all respects confirmed, ratified and preserved.

Section 10.02. *Provisions Binding on Company's Successors.* All the covenants, stipulations, promises and agreements of the Company contained in this Fifth Supplemental Indenture shall bind its successors and assigns whether so expressed or not.

Section 10.03. *Official Acts by Successor Corporation.* Any act or proceeding by any provision of this Fifth Supplemental Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

Section 10.04. *Addresses for Notices, Etc.* Any notice or demand which by any provision of this Fifth Supplemental Indenture is required or permitted to be given or served by the Trustee or by the Noteholders on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Boston Properties Limited Partnership, 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199, Attention: General Counsel. Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to The Bank of New York Trust Company, N.A., 101 Barclay Street, Floor 8W, New York, New York 10286, Attention: Corporate Trust Administration.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Noteholder shall be mailed to him by first class mail, postage prepaid, at his address as it appears on the Security Register and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 10.05. *Governing Law.* THIS FIFTH SUPPLEMENTAL INDENTURE AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND TO BE PERFORMED THEREIN.

Section 10.06. *Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee.* Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Fifth Supplemental Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Fifth Supplemental Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for by or on behalf of the Company in this Fifth Supplemental Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Fifth Supplemental Indenture shall include (i) a statement that the person making such certificate or opinion has read such covenant or condition; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in such certificate or opinion is based; (iii) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 10.07. *Non-Business Day.* Section 1.12 of the Senior Indenture shall also apply to any Fundamental Change Purchase Date, Put Right Repurchase Date or Exchange Date in respect of the Notes.

Section 10.08. *No Security Interest Created.* Nothing in this Fifth Supplemental Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 10.09. *Benefits of Indenture.* Nothing in this Fifth Supplemental Indenture or in the Notes, expressed or implied, shall give to any person, other than the parties hereto, any Paying Agent, any authenticating agent, any Security Registrar and their successors hereunder, the Noteholders, any benefit or any legal or equitable right, remedy or claim under this Fifth Supplemental Indenture.

Section 10.10. *Table of Contents, Headings, Etc.* The table of contents and the titles and headings of the articles and sections of this Fifth Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.11. *Execution in Counterparts*. This Fifth Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 10.12. *Trustee*. The Trustee makes no representations as to the validity or sufficiency of this Fifth Supplemental Indenture. The statements and recitals herein are deemed to be those of the Company and not of the Trustee.

Section 10.13. *Further Instruments and Acts.* Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Fifth Supplemental Indenture.

Section 10.14. *Waiver of Jury Trial.* EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 10.15. *Force Majeure.* In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the date first written above.

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc.
Its general partner

By: /s/ Edward H. Linde
Name: Edward H. Linde
Title: President and Chief Executive Officer

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

By: /s/ Peter M. Murphy
Name: Peter M. Murphy
Title: Authorized Signatory

SCHEDULE A

	Stock Price ($)														
Effective Date	**93.15**	**95.00**	**100.00**	**110.00**	**120.00**	**130.00**	**140.00**	**150.00**	**160.00**	**170.00**	**180.00**	**190.00**	**200.00**	**250.00**	**300.00**
April 6, 2006	1.7892	1.6690	1.3797	0.9304	0.6111	0.3853	0.2280	0.1216	0.0538	0.0156	0.0007	0.0000	0.0000	0.0000	0.0000
May 18, 2007	1.7870	1.6629	1.3656	0.9078	0.5868	0.3634	0.2103	0.1087	0.0456	0.0116	0.0001	0.0000	0.0000	0.0000	0.0000
May 18, 2008	1.7775	1.6494	1.3435	0.8772	0.5557	0.3362	0.1890	0.0937	0.0365	0.0075	0.0000	0.0000	0.0000	0.0000	0.0000
May 18, 2009	1.7593	1.6259	1.3090	0.8322	0.5112	0.2982	0.1601	0.0742	0.0254	0.0033	0.0000	0.0000	0.0000	0.0000	0.0000
May 18, 2010	1.7391	1.5980	1.2644	0.7715	0.4511	0.2481	0.1234	0.0508	0.0135	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000
May 18, 2011	1.7165	1.5627	1.2017	0.6817	0.3635	0.1783	0.0761	0.0241	0.0029	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
May 18, 2012	1.6989	1.5212	1.1041	0.5262	0.2180	0.0766	0.0200	0.0018	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
May 18, 2013	1.7892	1.5802	1.0539	0.1448	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

EXHIBIT A

[FORM OF FACE OF NOTE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

BOSTON PROPERTIES LIMITED PARTNERSHIP

3.75% Exchangeable Senior Notes Due 2036

No.____ $_____

CUSIP No. 10112R AG 9

Boston Properties Limited Partnership, a limited partnership duly organized and validly existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [CEDE & CO.], or registered assigns, the principal sum of [_____] dollars or such other principal amount as shall be set forth on the Schedule I hereto on May 15, 2036.

This Note shall bear interest at the rate of 3.75% per year from April 6, 2006, or from the most recent date to which interest had been paid or provided. Interest is payable semi-annually in arrears on each May 15 and November 15, commencing November 15, 2006, to holders of record at the close of business on the preceding May 1 and November 1, respectively. Interest payable on each Interest Payment Date shall equal the amount of interest accrued from and including the immediately preceding Interest Payment Date (or from and including April 6, 2006, if no interest has been paid hereon) to but excluding such Interest Payment Date.

Payment of the principal of and interest accrued on this Note shall be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or, at the option of the holder of this Note, at the Corporate Trust Office, in such lawful money of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; *provided, however*, interest may be paid by check mailed to such holder's address as it appears in the Security Register; *provided further, however*, that, with respect to any Noteholder with an aggregate principal amount in excess of $1,000,000, at the application of such holder in writing to the Company, interest on such holder's Notes shall be paid by wire transfer in immediately available funds to such holder's account in the United States supplied by such holder from time to time to the Trustee and Paying Agent (if different from the Trustee) not later than the applicable record date. Notwithstanding the foregoing, any payment to the Depositary or its nominee shall be paid by wire transfer in immediately available funds in accordance with the wire transfer instruction supplied by the Depositary or its nominee from time to time to the Trustee and Paying Agent (if different from Trustee).

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the holder of this Note the right to exchange this Note into cash and Common Stock, if any, of Boston Properties, Inc. on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York applicable to contracts entered into and to be performed therein.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc.
Its general partner

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
THE BANK OF NEW YORK TRUST COMPANY, N.A.
as Trustee, certifies that this is one of the Notes described in the within-named Indenture.

By: _____
Name:
Authorized Signatory:

[FORM OF REVERSE OF NOTE]

BOSTON PROPERTIES LIMITED PARTNERSHIP
3.75% Exchangeable Senior Notes Due 2036

This Note is one of a duly authorized issue of Notes of the Company, designated as its 3.75% Exchangeable Senior Notes Due 2036 (herein called the "Notes"), issued under and pursuant to an Indenture dated as of December 13, 2002, as supplemented by Supplemental Indenture No. 5, dated as of April 6, 2006 (as so supplemented, herein called the "Indenture"), between the Company and The Bank of New York Trust Company, N.A. (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of and interest on all Notes may be declared, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

Prior to May 18, 2013, the Company may not redeem the Notes except to preserve Boston Properties, Inc.'s status as a real estate investment trust as described in Section 3.01 of the Indenture. Subject to the terms and conditions of the Indenture, on or after May 18, 2013, the Company shall have the right to redeem the Notes, in whole or from time to time in part, at a price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest. Any such redemption shall be upon at least 30 days' and no more than 60 days' notice to holders of the Notes.

Subject to the terms and conditions of the Indenture, the Company will make all payments and deliveries in respect of the Fundamental Change Repurchase Price, the Put Right Repurchase Price, the Redemption Price and the principal amount on the Maturity Date, as the case may be, to the holder who surrenders a Note to a Paying Agent to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

The Indenture contains provisions permitting the Company and the Trustee in certain circumstances, without the consent of the holders of the Notes, and in other circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes; *provided, however*, that no such supplemental indenture shall make any of the changes set forth in Section 6.02 of the Fifth Supplemental Indenture, without

the consent of each holder of an Outstanding Note affected thereby. It is also provided in the Indenture that, prior to any declaration accelerating the maturity of the Notes, the holders of a majority in aggregate principal amount of the Notes at the time Outstanding may on behalf of the holders of all of the Notes waive any past default or Event of Default under the Indenture and its consequences except as provided in the Indenture. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and accrued and unpaid interest on this Note at the place, at the respective times, at the rate and in the lawful money herein prescribed.

The Notes are issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration or exchange of Notes, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

The Notes are not subject to redemption through the operation of any sinking fund.

Upon the occurrence of a Fundamental Change, the holder has the right, at such holder's option, to require the Company to repurchase all of such holder's Notes or any portion thereof (in principal amounts of $1,000 or integral multiples thereof) on the Fundamental Change Repurchase Date at a price equal to 100% of the principal amount of the Notes such holder elects to require the Company to repurchase, together with accrued and unpaid interest to but excluding the Fundamental Change Repurchase Date. The Company or, at the written request of the Company, the Trustee shall mail to all holders of record of the Notes a notice of the occurrence of a Fundamental Change and of the repurchase right arising as a result thereof on or before the twentieth day after the occurrence of any Fundamental Change.

On May 18, 2013, May 15, 2016, May 15, 2021, May 15, 2026, and May 15, 2031, the holder has the right, at such holder's option, to require the Company to repurchase all of such holder's Notes or any portion thereof (in principal amounts of $1,000 or integral multiples thereof) at a price equal to 100% of the principal amount of the Notes such holder elects to require the Company to repurchase, together with accrued and unpaid interest to but excluding the Put Right Repurchase Date. Holders shall submit their Notes for repurchase to the Paying Agent at any time from the opening of business on the date that is 25 Business Days prior to the applicable Put Right Repurchase Date until the close of business on the fifth Business Day prior to the Put Right Repurchase Date.

Subject to the provisions of the Indenture, the holder hereof has the right, at its option, on and after May 18, 2013, or earlier upon the occurrence of certain conditions specified in the Indenture and prior to the close of business on the Trading Day immediately preceding the Maturity Date, to exchange any Notes or portion thereof which is $1,000 or an integral multiple thereof, into cash and, if applicable, shares of Common Stock, in each case at the Exchange Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture, upon surrender of this Note, together with a Notice of Exchange, a form of which is attached to the Note, as provided in the Indenture and this Note, to the Company at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or at the option of such holder, the Corporate Trust Office, and, unless the shares issuable on exchange are to be issued in the same name as this Note, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by his duly authorized attorney. The initial Exchange Rate is 8.9461 shares for each $1,000 principal amount of Notes. No fractional shares of Common Stock will be issued upon any exchange, but an adjustment in cash will be paid to the holder, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Note or Notes for exchange. No adjustment shall be made for dividends or any shares issued upon exchange of such Note except as provided in the Indenture.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange thereof, subject to the limitations provided in the Indenture, without charge except for any tax, assessments or other governmental charge imposed in connection therewith.

The Company, the Trustee, any authenticating agent, any Paying Agent, any Exchange Agent and any Security Registrar may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon), for the purpose of receiving payment hereof, or on account hereof, for the exchange hereof and for all other purposes, and neither the Company nor the Trustee nor any other authenticating agent nor any Paying Agent nor any other Exchange Agent nor any Security Registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Note.

No recourse for the payment of the principal of, or accrued and unpaid interest on, this Note, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer, director or subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Terms used in this Note and defined in the Indenture are used herein as therein defined.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TENANT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform gift to Minors Act).

[FORM OF EXCHANGE NOTICE]

To: BOSTON PROPERTIES LIMITED PARTNERSHIP

The undersigned registered owner of this Note hereby exercises the option to exchange this Note, or the portion hereof (which is $1,000 principal amount or an integral multiple thereof) below designated, into cash and shares of Common Stock, if any, in accordance with the terms of the Indenture referred to in this Note, and directs that the shares issuable and deliverable upon such exchange, if any, together with any check in payment of the cash in respect of the remaining Exchange Obligation (as defined in the Indenture) and for fractional shares and any Notes representing any unexchanged principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Note not exchanged are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid to the undersigned on account of interest accompanies this Note.

Dated: _____

_____

_____

Signature(s)

_____

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, if shares of Common Stock are to be issued, or Notes to be delivered, other than to and in the name of the registered holder.

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

_____

(Name)

_____

(Street Address)

_____

(City, State and Zip Code)
Please print name and address

Principal amount to be exchanged (if less than all): $____ ,000

_____

Social Security or Other Taxpayer
Identification Number

[FORM OF PUT RIGHT REPURCHASE NOTICE]

To: BOSTON PROPERTIES LIMITED PARTNERSHIP

The undersigned hereby requests and instructs the Company to repay the entire principal amount of this Note, or a portion hereof (which is $1,000 principal amount or an integral multiple thereof) below designated, on May __, _____ in accordance with the terms of the Indenture referred to in this Note at the Put Right Repurchase Price, to the registered holder hereof.

Dated: _____

_____

Signature(s)

_____

Social Security or Other Taxpayer Identification Number

Principal amount to be repaid (if less than all): $_,000 NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: BOSTON PROPERTIES LIMITED PARTNERSHIP

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Boston Properties Limited Partnership (the "Company") as to the occurrence of a Fundamental Change with respect to the Company and requests and instructs the Company to repay the entire principal amount of this Note, or the portion thereof (which is $1,000 principal amount or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Note, to the registered holder hereof.

Dated: _____

_____

Signature(s)

_____

Social Security or Other Taxpayer Identification Number

Principal amount to be repaid (if less than all): $_,000 NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF ASSIGNMENT AND TRANSFER]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

_____

Signature(s)

_____

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, if shares of Common Stock are to be issued, or Notes to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the exchange notice, the option to elect repurchase upon a Fundamental Change, the Put Right Notice, or the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Schedule I

BOSTON PROPERTIES LIMITED PARTNERSHIP

3.75% Exchangeable Senior Notes Due 2036

No. _____

Date	Principal Amount	Notation Explaining Principal Amount Recorded	Authorized Signature of Trustee or Custodian

Exhibit 10.1

PURCHASE AND SALE AGREEMENT

between

BP 280 PARK AVENUE LLC
as Seller,

and

ISTITHMAR BUILDING FZE
as Purchaser

Dated: April 25, 2006

Premises:

280-290 Park Avenue
New York, New York

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Exhibits:

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made and entered into as of the 25th day of April, 2006, by and between BP 280 PARK AVENUE LLC, a Delaware limited liability company ("**Seller**") and ISTITHMAR BUILDING FZE, a Jebel Ali Free Zone establishment incorporated in Dubai under Implementing Regulations 1/92 issued under Emirate of Dubai Law 9 of 1992 ("**Purchaser**").

In consideration of the mutual promises, covenants and agreements hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

ARTICLE I.

Sale of Property

1.1. Sale. Seller hereby agrees to sell, assign and convey to Purchaser and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to, the following:

1.1.1. Those certain parcels of real property lying and being situated in the City of New York, County of New York and State of New York and being more particularly described on **Exhibit A** attached hereto (the "**Land**");

1.1.2. All buildings, structures and improvements now or hereafter erected or situated on the Land or any portion thereof (the "**Improvements**");

1.1.3. Any land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land or any portion thereof, to the center line thereof, and any strips and gores adjacent to the Land or any portion thereof, and all right, title and interest of Seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to the Land and Improvements or any portion thereof by reason of any change of grade of any street;

1.1.4. All rights, privileges, grants and easements appurtenant to Seller's interest in the Land and the Improvements, if any, including, without limitation, all of Seller's right, title and interest, if any, in and to all development rights, easements, licenses, covenants and other rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and the Improvements (the Land, the Improvements and all such easements, grants and appurtenances are sometimes collectively referred to herein as the "**Real Property**");

1.1.5. To the extent in effect on the Closing Date, all leases, licenses and other use and occupancy agreements (including all amendments, modifications and supplements thereto) entered into by Seller or its predecessor in interest covering offices, stores and other spaces at or within the Improvements which are (a) in effect as of the date hereof and listed on **Exhibit B** hereof (collectively, the **"Existing Leases"**) and (b) entered into by Seller after the

date hereof in accordance with the terms of this Agreement (collectively, the "**New Leases**") (the Existing Leases and the New Leases are referred to herein as, collectively, the "**Leases**") and, subject to Section 4.2.6 below, the security deposits and any letters of credit delivered under such Leases which have not been applied or drawn upon in accordance with the provisions of such Leases and this Agreement, any guarantees of such Leases and all agreements for the payment of any leasing brokerage commissions in connection with the Leases and this Agreement;

1.1.6. Subject to Section 1.2.4 hereof, all fixtures, equipment and personal property, if any, owned by Seller and used principally in connection with the management, maintenance or operation of the Improvements and located at the Real Property as of the date hereof, and all inventory used principally in connection with the management, maintenance or operation of the Improvements owned by Seller and located on the Real Property on the date of Closing (the "**Personal Property**");

1.1.7. All (i) service contracts, utility agreements, maintenance agreements and other contracts or agreements (a) currently in effect with respect to the Property (as hereinafter defined) and listed on **Schedule 1.1.7** hereof (collectively, the "**Existing Contracts**") and (b) entered into after the date hereof in accordance with the terms of this Agreement (collectively, the "**New Contracts**"; the Existing Contracts and New Contracts are referred to herein as, collectively, the "**Contracts**"), if any, and (ii) guarantees, licenses, approvals, certificates, permits, consents, authorizations, certificates of occupancy, variances and warranties relating to the Property (collectively, the "**Permits and Licenses**"), all to the extent assignable (the Contracts and the Permits and Licenses are sometimes hereinafter collectively referred to as the "**Intangible Property**");

1.1.8. All plans, specifications and drawings used in connection with the Land and Improvements which are in Seller's (or Seller's property manager's) possession or under Seller's control (the "**Plans**"); and

1.1.9. All available tenant lists, lease files, correspondence, documents, booklets, manuals, property records and promotional and advertising materials concerning the Real Property, the Leases, the Personal Property or the Intangible Property or used in connection therewith, or any part thereof, to the extent any of the foregoing are located at the Improvements or at Seller's property manager's office or otherwise in Seller's possession or control, and shall specifically exclude any internal books and records of Seller maintained at any of Seller's offices, internal and external appraisals of the Property and any other privileged or proprietary information not otherwise in the possession of Seller's property manager (the "**Books and Records**").

(The Real Property, the Leases, the Personal Property, the Intangible Property, the Plans, the Books and Records and the foregoing other property interests held by Seller in connection with the management, maintenance or operation of the Real Property are sometimes collectively hereinafter referred to as the "**Property**").

1.2. Excluded Property. Seller shall not sell, assign, transfer or deliver to Purchaser and Purchaser shall not purchase, acquire or accept from Seller:

1.2.1. Except as expressly set forth in this Agreement, all rights and interests and obligations of Seller as owner of the Property arising prior to the Closing (including, without limitation, tax refunds, casualty and condemnation proceeds, tenant security deposits applied in accordance with the terms of this Agreement, utility deposits and rental arrearages) and attributable to periods prior to the Closing;

1.2.2. Except as expressly set forth in this Agreement, any existing cause of action or claim of Seller, except to the extent that any such action or claim relates to or covers periods after the Closing; and

1.2.3. All fixtures, equipment and personal property described in **Schedule 1.2.3** hereof.

ARTICLE II.

Purchase Price

2.1. Purchase Price. The purchase price for the Property shall be ONE BILLION TWO HUNDRED MILLION DOLLARS ($1,200,000,000) (the "**Purchase Price**"). No portion of the Purchase Price is attributable to the Personal Property. The Purchase Price, net of all prorations as provided for herein, shall be paid by Purchaser as follows:

(i) FIFTY MILLION DOLLARS ($50,000,000) of the Purchase Price (the **"Deposit"**) shall be deposited with Skadden, Arps, Slate, Meagher & Flom LLP (the **"Escrow Agent"**) by wire transfer of immediately available federal funds simultaneously with the execution and delivery of this Agreement by Purchaser; and

(ii) The balance of the Purchase Price (the "**Balance of the Purchase Price**") shall be paid on the Closing Date by wire transfer of immediately available federal funds to or as directed by Seller.

The Deposit shall be held in escrow and shall be payable in accordance with Article III hereof.

ARTICLE III.

Deposit

3.1. Deposit. Concurrently with the execution of this Agreement, Purchaser shall deposit with the Escrow Agent the Deposit, the receipt of which shall be acknowledged by Escrow Agent's execution hereof. Seller acknowledges that Purchaser has as of the date hereof commenced a wire transfer of funds to Escrow Agent in the amount of the Deposit. Notwithstanding anything contained herein to the contrary, if Escrow Agent has not received the

Deposit by 9:00 a.m. (EST) on May 2, 2006, then Escrow Agent shall send written notice to each of Seller and Purchaser, and Seller shall have the right, exercisable by 5:00 p.m. (EST) on May 3, 2006 to terminate this Agreement upon written notice to Purchaser (a "**Termination Notice**"), which such termination shall be effective as of 5:00 p.m. (EST) on May 8, 2006 (unless prior to such time Purchaser shall have delivered the Deposit to Escrow Agent), and to recover the Deposit from the Purchaser as liquidated damages for Purchaser's failure to fund the Deposit in a timely manner, in which case this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except for (i) Purchaser's obligation to pay liquidated damages to Seller in an amount equal to the Deposit, and (ii) such provisions which are expressly provided in this Agreement to survive the termination hereof. The Deposit and Interest accrued thereon shall be held in escrow, and not in trust, by the Escrow Agent in a segregated interest bearing escrow account at Citibank, N.A. The Escrow Agent shall pay the Deposit to Seller at the Closing as provided herein.

3.2. Application of Deposit.

3.2.1. If the Closing occurs as contemplated hereunder, then the Deposit shall be paid to Seller and the interest on the Deposit ("**Interest**"), if any, shall be paid to the Purchaser.

3.2.2. In the event that the Closing does not occur as contemplated hereunder because of a default by Purchaser under this Agreement and following termination of the Agreement in accordance with the terms hereof, the Deposit and all Interest shall be paid to and retained by Seller.

3.2.3. In the event that the Closing does not occur as contemplated hereunder because of a default by Seller under this Agreement, or in the event that any of the conditions set forth in Section 9.2 hereof are not satisfied and Purchaser elects to terminate this Agreement as a result thereof, the Deposit and all Interest shall be paid to and retained by Purchaser.

3.2.4. The party receiving such Interest shall pay any income taxes thereon. Seller represents and warrants that Seller's tax identification number is 04-3372948. Purchaser shall provide Seller and Escrow Agent with Form W-8BEN at Closing.

3.2.5. If either party makes a demand upon the Escrow Agent for delivery of the Deposit and Interest, the Escrow Agent shall give notice to the other party of such demand. If a notice of objection to the proposed payment is not received from the other party within ten (10) business days after the giving of notice by the Escrow Agent, the Escrow Agent is hereby authorized to deliver the Deposit and all Interest to the party who made the demand. If the Escrow Agent receives a notice of objection within said ten (10) business day period, or if for any other reason the Escrow Agent in good faith elects not to deliver the Deposit and the Interest, then the Escrow Agent shall have the right, at its option, to either continue to hold the Deposit and thereafter pay it to the party entitled thereto when the Escrow Agent receives (i) a notice from the objecting party withdrawing the objection, (ii) a notice signed by both parties directing disposition of the Deposit and Interest or (iii) a final judgment or order of a court of competent jurisdiction or deposit the same with a court of competent jurisdiction in the State of

New York, City of New York in connection with institution by Escrow Agent of an action in interpleader and Escrow Agent shall rely upon the decision of such court or a written statement executed by both Seller and Purchaser setting forth how the Deposit and Interest should be released.

3.3. Escrow Agent. The parties further agree that:

3.3.1. The Escrow Agent is executing this Agreement to acknowledge the Escrow Agent's responsibilities hereunder, which may be modified only by a written amendment signed by all of the parties. Any amendment to this Agreement that is not signed by the Escrow Agent shall be effective as to the parties thereto, but shall not be binding on the Escrow Agent. Escrow Agent shall accept the Deposit with the understanding of the parties that Escrow Agent is not a party to this Agreement except to the extent of its specific responsibilities hereunder, and does not assume or have any liability for the performance or non-performance of Purchaser or Seller hereunder to either of them.

3.3.2. The Escrow Agent shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document which is given to the Escrow Agent without verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

3.3.3. The Escrow Agent shall not be bound in any way by any other agreement or understanding between the parties hereto, whether or not the Escrow Agent has knowledge thereof or consents thereto unless such consent is given in writing.

3.3.4. The Escrow Agent's sole duties and responsibilities shall be to hold and disburse the Deposit and Interest accrued thereon in accordance with this Agreement.

3.3.5. The Escrow Agent shall not be liable for any action taken or omitted by the Escrow Agent in good faith and believed by the Escrow Agent to be authorized or within its rights or powers conferred upon it by this Agreement, except for damage caused by the gross negligence or willful misconduct of the Escrow Agent.

3.3.6. Upon the disbursement of the Deposit and Interest accrued thereon in accordance with this Agreement, the Escrow Agent shall be relieved and released from any liability under this Agreement.

3.3.7. The Escrow Agent may resign at any time upon at least ten (10) days prior written notice to the parties hereto. If, prior to the effective date of such resignation, the parties hereto shall all have approved, in writing, a successor escrow agent, then upon the resignation of the Escrow Agent, the Escrow Agent shall deliver the Deposit and Interest accrued thereon to such successor escrow agent. From and after such resignation and the delivery of the Deposit and Interest accrued thereon to such successor escrow agent, the Escrow Agent shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement, all of which duties, responsibilities and obligations shall be performed by the appointed successor escrow agent. If for any reason the parties hereto shall not approve a

successor escrow agent within such period, the Escrow Agent may bring any appropriate action or proceeding for leave to deposit the Deposit and Interest accrued thereon with a court of competent jurisdiction, pending the approval of a successor escrow agent, and upon such deposit the Escrow Agent shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement.

3.3.8. Seller and Purchaser hereby agree to, jointly and severally, indemnify, defend and hold the Escrow Agent harmless from and against any liabilities, damages, losses, costs or expenses incurred by, or claims or charges made against, the Escrow Agent (including attorneys' fees, expenses and court costs) by reason of the Escrow Agent's acting or failing to act in connection with any of the matters contemplated by this Agreement or in carrying out the terms of this Agreement, except as a result of the Escrow Agent's gross negligence, bad faith or willful misconduct.

3.3.9. Subject to the provisions of Section 3.2.5, in the event that a dispute shall arise in connection with this Agreement, or as to the rights of any of the parties in and to, or the disposition of, the Deposit, the Escrow Agent shall have the right to (w) hold and retain all or any part of the Deposit until such dispute is settled or finally determined by litigation, arbitration or otherwise, or (x) deposit the Deposit in an appropriate court of law, following which the Escrow Agent shall thereby and thereafter be relieved and released from any liability or obligation under this Agreement, or (y) institute an action in interpleader or other similar action permitted by stakeholders in the State of New York, or (z) interplead any of the parties in any action or proceeding which may be brought to determine the rights of the parties to all or any part of the Deposit.

3.3.10. The Escrow Agent shall not have any liability or obligation for loss of all or any portion of the Deposit by reason of the insolvency or failure of the institution of depository with whom the escrow account is maintained.

3.3.11. The parties hereto represent that prior to the negotiation and execution of this Agreement they were advised that the Escrow Agent was representing Seller as such party's attorney in connection with this Agreement and the transaction referred to herein and the parties hereto covenant that they shall not object, on the grounds of conflict of interest or otherwise, to the Escrow Agent continuing to act as the attorney for Seller in connection with this Agreement and the transaction contemplated herein, or to act as Seller's attorney in connection with any dispute in connection herewith or any other matter, as well as act as the Escrow Agent hereunder; provided, however, that the Escrow Agent deposits the Deposit with a court of competent jurisdiction or transfers the Deposit and all accrued Interest thereon to a mutually agreeable substitute escrow agent.

ARTICLE IV.

Closing, Prorations and Closing Costs

4.1. Closing. The closing of the purchase and sale of the Property (the "**Closing**") shall be held at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square,

New York, New York, 10036, or, at Purchaser's election, at the New York office of the counsel for Purchaser's lender, at 10:00 a.m. local time on May 25, 2006 (such date, or the date Seller sets for the Closing if Seller shall elect to adjourn the Closing pursuant to the terms of this Agreement, or the date to which Purchaser adjourns the Closing in accordance with the provisions of this Section 4.1, is herein referred to as the "**Scheduled Closing Date**"). Each of Seller and Purchaser shall have the right to adjourn the date of Closing from time to time but in no event later than June 6, 2006 (the "**Outside Closing Date**"), TIME BEING OF THE ESSENCE as to Purchaser's obligation to close by such date, by written notice to Seller given on or before the originally Scheduled Closing Date. The date on which the Closing occurs shall be hereinafter referred to as the "**Closing Date**". In order to facilitate the timely and expeditious closing of title and the payment of the Purchase Price on the Closing Date, Seller and Purchaser shall conduct and complete a comprehensive pre-closing on the business day prior to the Closing Date.

4.2. Prorations . All matters involving prorations, credits or adjustments to be made in connection with the Closing and not specifically provided for in another section of this Agreement shall be adjusted in accordance with this Section 4.2. Except as otherwise set forth herein, all items to be prorated pursuant to this Section 4.2 shall be prorated as of 11:59 P.M. on the day immediately preceding the Closing Date, with Purchaser to be treated as the owner of the Property, for purposes of prorations of income and expenses, on and after the Closing Date. Notwithstanding the foregoing, in the event that the Purchase Price is not disbursed to or as directed by Seller on or before 3:00 p.m. (eastern time) on the Closing Date, then, for purposes of this Section 4.2, the Closing shall be deemed to have occurred on the next business day and all adjustments shall be recomputed accordingly. Except as otherwise set forth herein, all prorations shall be done in accordance with the customs with respect to title closings recommended by The Real Estate Board of New York, Inc. All prorations and closing payments shall be made on the basis of a closing statement approved in writing by Purchaser and Seller as hereinafter set forth. If, subsequent to the Closing, Seller receives any rental checks from any Tenants made payable to Seller which relate to the period subsequent to the Closing, Seller shall endorse such checks to the payment of Purchaser and promptly deliver the same to Purchaser.

Not later than five (5) business days prior to the Closing Date, Seller will deliver to Purchaser a proposed "**Proration Statement**" which shall contain per diem amounts of all closing amounts to be prorated. Not later than three (3) business days prior to the Closing Date, Purchaser shall deliver to Seller a written statement of objection or agreement to such Proration Statement. Not later than two (2) business days prior to the Closing Date, Purchaser and Seller shall meet for the purpose of agreeing to and finalizing the Proration Statement, each of Purchaser and Seller hereby agree to act reasonably and in good faith in such discussions and determinations.

The following items shall be prorated:

4.2.1. **Real Estate and Property Taxes**. Real estate and personal property taxes, business improvement district assessments and charges, vault charges and special assessments, if any. Seller shall pay all real estate and personal property taxes, business improvement district assessments and charges, vault charges and special assessments

attributable to the Property through, but not including, the Closing Date. If the tax rate, assessment and/or assessed value for any of the foregoing items has not been set for the tax period in which the Closing occurs, then the proration of such items shall be based upon the rate, assessment and/or assessed value for the immediately preceding tax period and such proration shall be adjusted (within one year after the Closing Date but subject to the rights of Seller and Purchaser under Section 8.6 hereof) in cash between Seller and Purchaser promptly upon presentation of written evidence that the actual amount paid for the tax period in which the Closing occurs differs from the amounts used in the calculation of the proration of such amounts in accordance with the provisions of Section 4.2.13 hereof. Any discount received for an early payment shall be for the benefit of Seller.

4.2.2. **Insurance Premiums**. There shall be no proration of Seller's insurance premiums, or assignment of Seller's insurance policies with respect to the Property (except as set forth in Section 11.1 hereof), and Seller shall cancel all of its existing policies with respect to the Property as of the Closing Date.

4.2.3. **Utilities and Services**. Purchaser and Seller hereby acknowledge and agree that the amounts of all telephone, electric, sewer, water, gas, steam and other utility bills, trash removal bills, janitorial and maintenance service bills and all other operating and administrative expenses relating to the Property and allocable to the period prior to the Closing Date (other than such items which are the obligation of and directly paid by a Tenant under its Lease) shall be determined and paid by Seller before Closing, if possible, or shall be paid thereafter by Seller or adjusted between Purchaser and Seller immediately after the same have been determined. Seller shall use reasonable efforts to have all base building meters read as of the Closing Date. Purchaser (with cooperation of Seller) shall cause all utility services to be placed in Purchaser's name as of the Closing Date. All deposits, if any, furnished by Seller to any utility company or other service provider shall be retained by or refunded to Seller by the utility company or other service provider.

4.2.4. **Base Rents**. Base or fixed rents due or pre-paid under Leases ("**Fixed Rent**") shall be adjusted on an "if, as and when" collected basis. If, on the Closing Date, any tenant under a Lease (a "**Tenant**") is in arrears in the payment of such rent, then any amounts received by Seller or Purchaser from any such Tenant after the Closing on account of such rent (net of reasonable costs of collection, including reasonable attorneys fees and disbursements) shall be applied in the following order of priority: (i) first to the payment of monies owed to Seller and Purchaser for the billing period in progress on the Closing Date, (ii) second to any current sums and arrearages owed to Purchaser (relating to billing periods after the billing period in progress as of the Closing Date), and (iii) last to Seller for the period prior to the month in which the Closing occurred. If rents or any portion thereof received by Seller or Purchaser after the Closing are payable to the other party by reason of this allocation, the appropriate sum shall be promptly paid to the other party. Notwithstanding anything contained herein to the contrary, (A) Seller shall have the right to pursue any tenants to collect delinquencies for periods prior to the Closing (including, without limitation, by the prosecution of an action or proceeding provided that Purchaser shall consent to such an action or proceeding for a money judgment prior to the institution thereof, such consent not to be unreasonably withheld, delayed or conditioned), and (B) with respect to Tenants who are, at the

time in question, in occupancy of a portion of the Property, Purchaser agrees that it shall use commercially reasonable efforts consistent with its manner of operation of the Property to collect any such delinquent rents allocable to the period of Seller's ownership of the Property provided that in no event shall such efforts require the expenditure of any sums, the institution of any litigation or the eviction of any such tenant unless Purchaser shall agree thereto, and in which event all sums collected by Purchaser (after payment of all costs and expenses) shall be applied in full satisfaction of the subject delinquencies. Seller shall furnish to Purchaser such accurate information (based on Seller's records) relating to the period prior to the Closing that is reasonably necessary for the billing of such Fixed Rent. Purchaser shall bill Tenants for Fixed Rent for accounting periods prior to the Closing in accordance with and on the basis of such information furnished by Seller. Subsequent to the Closing, Seller, shall have the right to review the applicable portion of Purchaser's books and records with respect to the Property during ordinary business hours, to ascertain the status of Purchaser's billing and collection of Fixed Rent. No action which results in the compromising of any claim against any Tenant with respect to base or fixed rents due under such Tenant's Lease for the period prior to the Closing shall be made without Seller's prior written approval, such approval not to be unreasonably withheld.

4.2.5. **Additional Rents**. (a) If any Tenants are required to pay percentage rents, escalation charges for increases in real estate taxes or operating expenses, porter's wage increases, labor cost increases, cost-of-living increases, charges for electricity, water, cleaning or overtime services, work order charges, "sundry charges" or other charges of a similar nature (collectively, "**Additional Rents**"), the same shall be adjusted on an if, as and when collected basis. With respect to any estimated Additional Rents paid or payable by Tenants for any period prior to the Closing which, pursuant to the applicable Lease, are to be recalculated after the Closing based upon actual expenses and other relevant factors, (i) Seller agrees, with respect to such adjustments which are in favor of any such Tenant, to pay to Purchaser the amount of such adjustment (after which Purchaser shall pay directly to the Tenant in question), within fifteen (15) days after written demand and presentation to Seller of documentation in support of such adjustments, and (ii) Purchaser agrees, with respect to such adjustments which are in favor of landlord, to pay to Seller the amount of such adjustments which the Tenant pays to Purchaser, within fifteen (15) days after receipt thereof by Purchaser. Purchaser agrees that it shall, in accordance with Purchaser's standard practice in the management and operation of the Property bill Tenants such Additional Rents attributable to an accounting period that shall have expired prior to the Closing in the same manner that Purchaser bills tenants for Additional Rents in respect of an accounting period that shall expire after the Closing (including without limitation, the annual "true up" at the end of each calendar year). Notwithstanding anything contained herein to the contrary, (A) Seller shall have the right to pursue any tenants who are not in occupancy of any portion of the Property to collect delinquencies for periods prior to the Closing (including, without limitation, by the prosecution of an action or proceeding provided that Purchaser shall consent to such an action or proceeding prior to the institution thereof, such consent not to be unreasonably withheld, delayed or conditioned), and (B) with respect to Tenants who are, at the time in question, in occupancy of a portion of the Property, Purchaser agrees that it shall use commercially reasonable efforts consistent with its manner of operation of the Property to collect any such delinquent Additional Rent allocable to the period of Seller's ownership of the Property provided that in no event shall such efforts require the expenditure of

any sums, the institution of any litigation or eviction of any such tenant unless Purchaser shall agree thereto, and in which event all sums collected by Purchaser (after payment of all costs and expenses) shall be applied in full satisfaction of the subject delinquencies). Seller shall furnish to Purchaser such accurate information (based on Seller's records) relating to the period prior to the Closing that is reasonably necessary for the billing of such Additional Rents. Purchaser shall bill Tenants for Additional Rents for accounting periods prior to the Closing in accordance with and on the basis of such information furnished by Seller and in accordance with its standard practice. Subsequent to the Closing, Seller, shall have the right to review the applicable portion of Purchaser's books and records with respect to the Property during ordinary business hours, to ascertain the status of Purchaser's billing and collection of Additional Rents. No action which results in the compromising of any claim against any Tenant with respect to base or fixed rents due under such Tenant's Lease for the period prior to the Closing shall be made without Seller's prior written approval, not to be unreasonably withheld.

With respect to any Tenant which has paid all Additional Rents due and payable to the Closing Date, if, prior to the Closing, Seller shall have actually received and collected any installments or other amounts of Additional Rents from such Tenant attributable to Additional Rents for periods from and after the Closing Date, then, Purchaser shall receive a credit against the Balance of the Purchase Price in the amount of such installments or other amounts of Additional Rents at the Closing.

(b) Any Additional Rents collected by Purchaser or Seller after the Closing from Tenants who owe Additional Rents for periods prior to the Closing (to the extent not applied against Fixed Rents due and payable by such Tenant in accordance with Section 4.2.4 above) shall be applied to Additional Rents then due and payable in the following order of priority (i) first, in payment of Additional Rents for the accounting period in which the Closing Date occurs, with such amounts being prorated between Purchaser and Seller based upon the number of days each owned the Property during the accounting period in which the Closing occurs; (ii) second, in payment of Additional Rents for any accounting periods which commenced after the Closing occurs, but only to the extent payments of Additional Rents for such accounting period are then currently due; and (iii) third, in payment of Additional Rents for accounting periods preceding the accounting period prior to the accounting period in which the Closing occurs. Notwithstanding the foregoing, (I) if any Additional Rents are collected by Purchaser after the Closing Date which are expressly attributable in whole or in part to any period prior to the Closing, then Purchaser shall promptly pay to Seller its proportionate share thereof, (II) if any Additional Rents are collected by Seller after the Closing Date which are expressly attributable in whole or in part to any period prior to the Closing, then Seller may retain its proportionate share thereof, and (III) any funds collected by Purchaser for Additional Rents as the result of an end of billing period "true up" that are in favor of landlord, shall be divided between Seller and Purchaser based upon the number of days each held the landlord's interest in the Property for such billing period. At the Closing, Purchaser shall receive a credit against the Balance of the Purchase Price for any Additional Rents or other amounts paid by Tenants pursuant to the Leases actually received and collected by Seller prior to Closing, but that correspond to Additional Rent, real estate taxes, operating expenses or other charges which are not due and payable until after the Closing.

4.2.6. **Tenant Security Deposits**. Attached hereto as **Schedule 4.2.6** is a true, correct and complete list of Tenant security deposits ("**Security Deposits**") and letters of credit delivered under the Existing Leases and the amounts that would be required to be returned to the Tenants pursuant to the terms of the Existing Leases absent events giving Seller the right under the Existing Leases to retain such deposits or draw on any such letters of credit, and, in each case, such Security Deposits and letters of credit are in Seller's possession as of the date of this Agreement. Security Deposits held by or on behalf of Seller together with any interest accrued thereon, shall be turned over by Seller to Purchaser at the Closing by, in the case of cash Security Deposits, crediting such amount (less the amount of any interest thereon pro-rated for the period prior to the Closing which the landlord under such Lease would be entitled to retain and a 1% per annum administrative charge thereon, if applicable, as permitted by the terms of the Leases or applicable law, which charge shall be subject to proration in accordance with this Section 4.2) to Purchaser and, in the case of any letters of credit or other non-cash items, by the delivery thereof by Seller to Purchaser in accordance with Section 10.1.7 hereof. Seller represents that, as of the date hereof, it has not applied any Security Deposits or the proceeds of any letter of credit delivered against defaults with respect to any Existing Leases. After the date of this Agreement, Seller shall not be permitted to apply any Security Deposit prior to the Closing or draw on any letter of credit delivered under the Leases, except that Seller may apply such Security Deposit or draw on any such letter of credit in accordance with the applicable Lease in the event that (i) the Tenant under such Lease shall be in default thereunder, (ii) such Tenant shall have vacated and surrendered the leased premises thereunder to Seller and (iii) such Lease shall have been terminated. Security Deposits and the proceeds of any letter of credit applied after the Closing Date shall be held or applied as determined by Purchaser in its sole and absolute discretion, subject to adjustment for Fixed Rent and Additional Rent due Seller pursuant to Sections 4.2.4 and 4.2.5 hereof. At Closing, Purchaser shall deliver to Seller a receipt for any Security Deposits actually turned over or credited by Seller to Purchaser and Purchaser shall indemnify Seller with respect thereto pursuant to, and in accordance with, the Assignment and Assumption of Leases (as hereinafter defined). In the case of any Security Deposits held by Seller in the form of letters of credit, such letters of credit, to the extent permitted by the terms thereof, shall be assigned to Purchaser at the Closing and Purchaser shall indemnify Seller with respect thereto pursuant to, and in accordance with, the Assignment and Assumption of Leases. In the case of any such letters of credit which by their terms are not assignable, Seller shall deliver possession of such nonassignable letters of credit to Purchaser and shall cooperate with Purchase (i) in Purchaser's efforts to cause the applicable Tenant(s) to replace such letters of credit with ones which are in the name of Purchaser and (ii) in the event that Purchaser shall desire to draw down on any such letter of credit prior to the date such letter of credit has been replaced by drawing on such letter of credit at the instruction of Purchaser. Purchaser shall indemnify Seller with respect to any judgments, suits, claims, demands, liabilities and obligations and related costs and expenses (including reasonable attorneys' fees) arising out of Seller's draw down and delivery of the proceeds of such letters of credit as directed by Purchaser. Promptly after the Closing, but in no event later than 5 days after Closing, Seller shall transfer the Seller's interest in any certificates of deposit held by Seller as security for a tenant's performance under any of the Leases being assigned to Purchaser and shall indemnify Purchaser, without regard to any limit or threshold as contemplated in Section 6.6, for Sellers failure to comply with this covenant.

4.2.7. Brokerage Commissions and Tenant Improvements.

(i) Seller and Purchaser shall each be responsible for the payment of those leasing commissions and referral fees (collectively, "**Leasing Commissions**") relating to Existing Leases executed prior to the date hereof (the "**Leasing Cut-off Date**") as set forth on **Schedule 4.2.7(i)** attached to this Agreement, as the same become due and payable, it being the intention that (except as otherwise provided in **Schedule 4.2.7(i))**, (A) Seller shall be responsible for the payment of all Leasing Commissions relating to Existing Leases other than Leasing Commissions or fees due or payable as a result of (i) the exercise of any renewal option or other option or right or failure to exercise any right under any Existing Lease which is exercised or not exercised after the Leasing Cut-off Date (including, without limitation, any such Leasing Commissions or fees which become due and payable as the result of any extension of month to month tenancies occurring subsequent to the Leasing Cut-off Date or failure by a tenant to exercise a termination option subsequent to the Leasing Cut-off Date), or (ii) any renewal, expansion or other modification of an Existing Lease entered into after the Leasing Cut-off Date or otherwise agreed to by Purchaser after the Leasing Cut-off Date and (B) Purchaser shall be responsible for the payment of (i) all Leasing Commissions due or payable as a result of the exercise of any renewal option or other option or right, or failure to exercise any right, under any Existing Lease after the Leasing Cut-off Date (including, without limitation, any such Leasing Commissions which become due and payable as the result of any extension of month to month tenancies occurring subsequent to the Leasing Cut-off Date or failure by a tenant to exercise a termination option subsequent to the Leasing Cut-off Date) and (ii) as the result of any renewal, expansion or modification of any Existing Lease entered into after the Leasing Cut-off Date or otherwise agreed to by Purchaser after the Leasing Cut-off Date. Purchaser shall reimburse Seller as an adjustment item to the extent Seller has paid any Leasing Commissions which are the responsibility of Purchaser under the preceding sentence. Seller has not entered into letter of intent or have any agreement in principle with any Tenants, or received any written notice from any Tenant, with respect to the renewal of any Existing Lease or the exercise of any option under any Existing Lease that would give rise to the payment of Leasing Commissions.

(ii) Seller and Purchaser shall each be responsible for the payment of all tenant improvement expenses (including all hard and soft construction costs, whether payable to the contractor or to the tenant), tenant allowances, tenant "buy-out" or lease surrender costs, work allowances and work letters, free rent, rent allowances or rent credit (and, in the case of any such inducement not paid in cash, the dollar value thereof), legal fees and expenses, moving allowances and other out-of-pocket costs (collectively, the "**Tenant Allowances**") as set forth on **Schedule 4.2.7(ii)** attached to this Agreement, as the same become due and payable, it being the intention that (except as otherwise provided in **Schedule 4.2.7(ii))**, (A) Seller shall be responsible for the payment of all Tenant Allowances which are the obligation of the landlord under the Existing Leases other than (i) Tenant Allowances to the extent they become due and payable during the term of Existing Leases and do not relate to the initial occupancy by the tenants thereunder, and (ii) as set forth in the following clause (B) with respect to renewal options, expansion options or first offer rights, under the Existing Leases and (B) Purchaser shall be responsible for the payment of all Tenant Allowances to the extent they become due and payable during the term of Existing Leases and (i) do not relate to the initial occupancy by the tenants thereunder, or (ii) relate to renewal periods or additional space under renewal options,

expansion options or first offer rights, under the Existing Leases exercised on or after the Leasing Cut-off Date or otherwise agreed to by Purchaser after the Leasing Cut-off Date. Purchaser shall reimburse Seller as an adjustment item to the extent Seller has paid any Tenant Allowances prior to Closing which are the responsibility of Purchaser under the preceding sentence. Seller shall in no event be obligated to pay for any increased costs relating to change orders or additions to the tenant improvements or changes in the scope of the work or the specifications agreed to by Purchaser and issued on or after the Leasing Cut-off Date with respect to Existing Leases. Except as set forth on **Schedule 4.2.7(ii)** there are no other Tenant Allowances payable in connection with the Existing Leases.

4.2.8. **Employees**. Salaries, wages, vacation pay, bonuses and any other fringe benefits (including, without limitation, social security, unemployment compensation, employee disability insurance, sick pay, welfare and pension fund contributions, payments and deposits, if any) of all Employees (as hereinafter defined).

4.2.9. **Fuel**. The value of fuel stored on the Property by Seller, if any, at Seller's most recent cost, including any taxes, on the basis of a reading made within ten (10) business days prior to the Closing by Seller's supplier, shall be paid for by Purchaser.

4.2.10. **Contracts**. Charges and payments under Contracts or permitted renewals or replacements thereof.

4.2.11. Permit **Fees**. Fees and other amounts payable under the Licenses and Permits assigned to Purchaser or held by manager for the benefit of the Purchaser.

4.2.12. **Inventory**. The value of all inventory and supplies in unopened containers usable in connection with the management, maintenance or operation of the Improvements and located on the Real Property on the date of Closing, if any, at Seller's most recent cost, including any taxes, shall be paid for by the Purchaser.

4.2.13 **Revenue Support**

(i) Seller shall pay to Purchaser the amounts listed on **Schedule 4.2.13** attached hereto (each, a "**Revenue Support Payment**") for each month during the period described in such schedule. Each Revenue Support Payment shall be paid on the first day of each calendar month after the Closing; provided, however, that with respect to the month in which the Closing occurs, Seller shall pay to Purchaser at Closing an amount equal to the product of (i) a fraction, the numerator of which is the number of days remaining in such month (inclusive of the Closing Date) and the denominator of which shall be the total number of days in such month and (ii) the Revenue Support Payment applicable for the period in which the Closing occurs. Each Revenue Support Payment shall be deemed to constitute an adjustment to the Purchase Price paid by the Purchaser hereunder.

(ii) At Closing, Boston Properties Limited Partnership ("**BPLP**") shall execute a "**Guaranty Agreement**" in the form of **Exhibit N** attached hereto with respect to the prompt and unconditional payment of the Revenue Support Payments, which Guaranty Agreement shall also guaranty all other obligations and liabilities of Seller hereunder which survive the Closing, subject to the limitations set forth in Section 6.6 hereof.

4.2.14. **Capital Expenditures**. At Closing, Purchaser shall reimburse Seller for all amounts expended by Seller as of the Closing with respect to the items of the Capital Plan which are designated under Part II of **Schedule 8.10** hereof as "Purchaser's Responsibility". Prior to Closing, Seller shall provide Purchaser with a statement setting forth the amounts reimbursable to Seller pursuant to this Section 4.2.14, accompanied by supporting evidence and detail with respect to such amounts reasonably satisfactory to Purchaser.

4.2.15. **Method of Calculation**. For purposes of calculating prorations, Purchaser shall be deemed to be the owner of the Property, and therefore entitled to the income therefrom and responsible for the expenses thereof for the entire day upon which the Closing occurs, and thereafter all such prorations shall be made on the basis of the actual number of days of the month which shall have elapsed as of the day of the Closing and based upon the actual number of days in the month and a three hundred sixty five (365) day year. Seller and Purchaser agree to use reasonable efforts to calculate all adjustments required under this Article IV (and to make the adjustment payments resulting from such calculations) with respect to those items of income and expense which are ascertainable on the Closing Date by no later than twenty (20) days after the Closing Date. Each other item of income and expense which is subject to adjustment under this Article IV but which is not ascertainable on the Closing Date will be adjusted retroactive to the Closing Date, and the payment made on such adjustment within sixty (60) days after the date that such adjustment becomes ascertainable, i.e., the date by which each party, in its good faith business judgment, has sufficient information to make such adjustment. The parties agree that each party shall have the right following Closing, on reasonable written notice to the other, from time to time to review the books and records of such other party pertaining solely to the operations of the Property and limited to such portions of the books and records necessary to confirm the amounts of adjustments payable to Seller and/or Purchaser following the Closing, and Seller and Purchaser shall instruct any property manager to make such applicable portions of its books and records available for this purpose. Purchaser and Seller shall cooperate as necessary following the Closing in order to promptly and in good faith discharge their respective obligations under this Article IV. Notwithstanding the foregoing and subject to Section 8.6 hereof, any claim for an adjustment under Section 4.2 will be valid if made in writing with reasonable specificity within one (1) year after the Closing Date, except in the case of items of adjustment which at the expiration of such period are subject to pending litigation or administrative proceedings. Claims with respect to items of adjustment which are subject to litigation or administrative proceedings will be valid if made on or before the later to occur of (i) the date that is one (1) year after the Closing Date and (ii) the date that is one hundred eighty (180) days after a final order shall have issued in such litigation or administrative hearing. Both parties shall use good faith efforts to resolve any disputed claims promptly.

4.2.16. **Survival**. The provisions of this Section 4.2 shall survive the Closing.

4.3. Transfer Taxes. Seller shall pay all transfer taxes imposed upon the conveyance of the Real Property hereunder pursuant to Section 1402 of the New York State Tax Law and

Title 11 of Chapter 21 of the Administrative Code of the City of New York (the "**Transfer Taxes**"). Seller shall file or cause to be filed all necessary tax returns with respect to all such Transfer Taxes and, to the extent required by applicable law, Purchaser will join in the execution of any such tax returns.

4.4. Sales Taxes. Although it is not anticipated that any sales tax shall be due and payable, Purchaser agrees that Purchaser shall pay any and all New York State and New York City sales and/or compensating use taxes imposed upon or due in connection with the transactions contemplated hereunder under Sections 1105, 1107, 1109 and 1110 of the New York State Tax Law and any successor provisions thereto or replacement provisions thereof. Purchaser shall file all necessary tax returns with respect to all such taxes and, to the extent required by applicable law, Seller will join in the execution of any such tax returns.

4.5. Closing Costs. Purchaser shall pay all recording fees and charges associated with the recordation of the Deed (as hereinafter defined), other than the Transfer Taxes, which are payable by Seller under Section 4.3. Seller shall pay all fees and commissions due to the Broker (as hereinafter defined) in accordance with Section 13.1. Purchaser shall pay all title insurance premiums, title examination fees and survey costs incurred by Purchaser. Seller shall pay for all costs and charges in connection with the preparation and delivery of Seller's Title Report (as hereinafter defined). All other costs, fees, expenses and charges of any kind incident to the sale and conveyance of the Property from Seller to Purchaser, including attorneys' fees and consultants' fees, shall be borne by the party incurring the same.

ARTICLE V.

Title and Survey Matters

5.1. Title.

5.1.1. **Updated Commitment and Survey**. Purchaser shall, at its sole cost and expense, within five (5) business days from the date hereof, order a title insurance commitment for an owner's policy of title insurance for the Real Property (the "**Purchaser's Title Commitment**") from any nationally recognized title insurance company (the "**Title Company**"), setting forth the status of title to the Real Property and any defects in or objections or exceptions to title to the Real Property, together with true and correct copies of all instruments giving rise to such defects, objections or exceptions. Purchaser shall instruct the Title Company to forward a copy of the Purchaser's Title Commitment and any updates thereof to Seller's attorney simultaneously with the issuance thereof to Purchaser. Seller has delivered to Purchaser a copy of a survey of the Real Property, dated May 27, 1997, and most recently visually certified as of December 8, 2000, as prepared by Earl B. Lovell - S.P. Belcher, Inc. (the "**Survey**"). Purchaser shall instruct the surveyor to forward a copy of any updated Survey and any further updates thereof to Seller's attorney and the Title Company simultaneously with the issuance thereof to Purchaser.

5.1.2. **Title Objections**. If the Purchaser's Title Commitment or any update of either the Survey or the Purchaser's Title Commitment shall reveal or disclose any defects,

objections or exceptions in the title to the Real Property which are not Permitted Exceptions (as hereinafter defined) and to which Purchaser objects ("**Title Objections**"), then Purchaser (or Purchaser's counsel) shall notify Seller (or Seller's counsel) of such Title Objections in writing within ten (10) business days of Purchaser's receipt thereof.

If Purchaser does not notify Seller in writing of any such Title Objections within the time period set forth in this Section 5.1.2, then Purchaser shall be deemed to have accepted the state of title to the Real Property reflected in the Purchaser's Title Commitment, the Survey or any updates of either received by Purchaser and to have waived any claims or defects which it might otherwise have raised with respect to the matters reflected therein and the same shall be deemed to be Permitted Exceptions for all purposes of this Agreement.

5.1.3. **Permitted Exceptions.**

(a) **Seller's Title Report**. Purchaser acknowledges receipt of a copy of (a) a commitment for an owner's title insurance policy for the Real Property prepared by Fidelity National Title Insurance Company under its Title No. 06-7406-14813-NYM (the "**Seller's Title Report**"), together with copies of all instruments giving rise to any defects, objections or exceptions noted in such commitment and (b) the Survey. At the Closing, Seller shall convey and Purchaser shall accept fee simple title to the Real Property subject only to the Permitted Exceptions.

(b) **Permitted Exceptions to Title**. The Property shall be sold and conveyed subject to the following exceptions to title (the "**Permitted Exceptions**"):

(1) any state of facts shown on the Survey and any state of facts an accurate survey would show provided such additional state of facts do not render title to the Property unmarketable or materially interfere with the use, operation or maintenance of the Property;

(2) all laws, ordinances, rules and regulations of any Governmental Authority (as hereinafter defined), as the same now exist or may be hereafter modified, supplemented or promulgated;

(3) right, lack of right or restricted right of any owner of the Property to construct and/or maintain (and the right of any Governmental Authority to require the removal of) any vault or vaulted area, in or under the streets, sidewalks or other areas abutting the Property, and any applicable licensing statute, ordinance and regulation, the terms of any license pertaining thereto and the lien of vault taxes, provided any such vault taxes or charges which are then due and payable are paid by Seller at Closing;

(4) all presently existing and future liens of real estate taxes or assessments and water rates, water meter charges, water frontage charges and sewer taxes, rents and charges, if any, provided that such items are not due and payable and are apportioned as provided in this Agreement;

(5) all disclosed violations of laws, ordinances, orders, requirements or regulations of any Governmental Authority, applicable to the Property whether or not noted in the records of or issued by, any Governmental Authority, and such other violations existing on the Closing Date that do not have a material adverse effect on the use, operation or maintenance of the Property;

(6) such matters as the Title Company shall be willing to omit as exceptions to coverage or affirmatively insure over at no cost or expense to Purchaser with respect to an owner's policy issued by the Title Company on the Closing Date.

(7) minor variations between the tax lot lines and the description of the Land set forth on **Exhibit A** attached hereto and made a part hereof, disclosed by the Survey, provided such variations are affirmatively insured by the Title Company or otherwise deemed immaterial by Purchaser;

(8) all utility easements of record;

(9) the Surviving Bankers Trust Provisions;

(10) the exceptions set forth on Schedule 5.1.3 hereto;

(11) any defects, objections or exceptions in the title to the Real Property disclosed in Purchaser's Title Commitment or any update thereof or any updates of the Survey with respect to which Title Objections have not been delivered within ten (10) business days of Purchaser's receipt thereof;

(12) any defects or other matters which will be irrevocably extinguished upon the transfer of the Property; and

(13) any other matter or thing affecting title to the Property that Purchaser shall have agreed or be deemed to have agreed to waive.

5.1.4. **Elimination of Liens**. If any Title Objections appear in the Purchaser's Title Commitment or any updates thereof or any updates to the Survey which are not Permitted Exceptions and to which Purchaser has timely objected pursuant to Section 5.1.2 hereof, then Seller shall be obligated to cause to be released, satisfied and otherwise discharged of record all such Title Objections which are (1) a mortgage, deed of trust, security agreement, financing statement, or any other instrument which evidences or secures indebtedness, (2) a mechanics' lien, (the items described in the preceding subclauses (1) and (2), collectively, "**Monetary Encumbrances**") or (3) any other lien which can be satisfied by the payment of a liquidated sum not in excess of $24,000,000, in the aggregate of all such other liens (the items described in the preceding subclause (3) being "**Other Liens**") and (4) any encumbrances voluntarily recorded or otherwise placed or permitted to be placed by Seller against the Property on or following the date of Seller's Title Report and not approved by Purchaser ("**Voluntary Encumbrances**"). Nothing herein shall require Seller to cure any title objection other than as expressly set forth in the immediately preceding sentence. Seller, in its discretion, may adjourn the Closing Date for up to ninety (90) days in the aggregate in order to eliminate any Title

Objections or Voluntary Encumbrances (which in either case are not Permitted Exceptions). In lieu of eliminating any Title Objections which are not Permitted Exceptions which Seller may elect, or be required, pursuant to the express terms hereof, to eliminate under this Agreement, Seller may, in its sole discretion, deposit with the Title Company such amount of money as may be determined by the Title Company as being sufficient to induce the Title Company, without the payment of any additional premium by Purchaser, to omit such Title Objections which are not Permitted Exceptions from Purchaser's title insurance policy; provided such right of Seller shall be limited to matters which, in the aggregate involve sums of less than $5,000,000. If, as of the Closing Date, there are any Title Objections (which are not Permitted Exceptions or are not otherwise omitted from Purchaser's title insurance policy in accordance herewith), then, subject to Seller's right to adjourn the Closing Date for up to ninety (90) days in the aggregate in order to eliminate any Title Objections or Voluntary Encumbrances, Purchaser shall have the right (as its sole and exclusive remedy with respect to such matters) either (I) to terminate this Agreement by delivering notice thereof to Seller, in which event Purchaser shall be entitled to the return of the Deposit and Interest accrued thereon, and neither party shall have any obligations hereunder except those expressly stated to survive the termination of this Agreement, or (II) to waive, in writing, its objection thereto and consummate the Closing, in which event (i) such Title Objections shall thereupon constitute Permitted Exceptions for all purposes of this Agreement and (ii) Seller shall be obligated, at Closing, to remove any Voluntary Encumbrances which are not Permitted Exceptions and Purchaser shall be entitled to a credit against the Balance of the Purchase Price in an amount equal to the sum of (x) the amount necessary to discharge of record all of the unsatisfied Monetary Encumbrances and (y) the lesser of (A) the amount necessary to discharge of record all of the unsatisfied Other Liens or (B) $24,000,000. Seller agrees that Seller shall not voluntarily enter into any agreement to create a lien or encumbrance on the Property after the date hereof without Purchaser's prior written consent.

5.1.5. **Payment from Balance of the Purchase Price**. Any unpaid taxes, water charges, sewer rents and assessments, together with the interest and penalties thereon to a date not more than five (5) business days following the Closing Date (in each case subject to any applicable apportionment), and any Monetary Encumbrances or Other Liens, together with the cost of recording or filing any instruments necessary to discharge such Monetary Encumbrances or Other Liens, may be paid out of the proceeds of the Balance of the Purchase Price payable at the Closing. Seller hereby agrees to deliver to Purchaser, on the Closing Date, instruments in recordable form sufficient (in the reasonable opinion of the Title Company) to discharge any such Monetary Encumbrances or Other Liens. Upon request of Seller, delivered to Purchaser no later than five (5) business days prior to the Closing, Purchaser shall provide at the Closing separate certified checks, or bank checks for the foregoing payable to the order of the holder of any such Monetary Encumbrances or Other Liens, or a wire transfer of federal funds as Seller shall direct, in an aggregate amount not to exceed the Balance of the Purchase Price, as adjusted for apportionments required under this Agreement, payable at the Closing.

5.1.6. **Affidavits**. If the Purchaser's Title Commitment discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller, on request, shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against Seller.

5.2. Violations. Purchaser agrees to purchase the Property subject to any and all existing notes or notices of violations of law, or municipal ordinances, orders, designations or requirements whatsoever noted in or issued by any federal, state, municipal or other governmental department, agency or bureau or any other governmental authority having jurisdiction over the Property (collectively, "**Violations**"), or any existing condition or state of repair or disrepair or other matter or thing, whether or not noted, which, if noted, would result in a violation being placed on the Property. Seller shall have no duty to remove or comply with or repair any condition, matter or thing, whether or not noted, which, if noted, would result in a violation being placed on the Property, Seller shall have no duty to remove or comply with or repair any of the aforementioned Violations, or other conditions, and Purchaser shall accept the Property subject to all such Violations, the existence of any conditions at the Property which would give rise to such Violations, if any, and any governmental claims arising from the existence of such Violations, in each case without any abatement of or credit against the Purchase Price.

ARTICLE VI.

Representations and Warranties of Seller

6.1. Seller's Representations. Seller represents and warrants that the following matters are true and correct as of the date hereof with respect to Seller and to the Property:

6.1.1. **Authority**. Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. This Agreement has been duly authorized, executed and delivered by Seller, is the legal, valid and binding obligation of Seller, and does not violate any provision of any agreement or judicial order to which Seller is a party or to which Seller is subject. All documents to be executed by Seller which are to be delivered at Closing will, at the time of Closing, be duly authorized, executed and delivered by Seller, be legal, valid and binding obligations of Seller, and will not violate any provision of any agreement or judicial order to which Seller is a party or to which Seller is subject. Neither the execution and delivery of this Agreement and all documents contemplated hereunder to be executed by Seller, nor the performance of the obligations of Seller hereunder or thereunder will result in the violation of any law or any provision of the organizational documents of Seller or will conflict with any agreement or any order or decree of any court or governmental instrumentality of any nature by which Seller is bound.

6.1.2. **Bankruptcy or Debt of Seller**. Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or, to Seller's knowledge, suffered the filing of an involuntary petition by Seller's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, admitted in writing its inability to pay its debts as they generally come due or made an offer of settlement, extension or composition to its creditors generally.

6.1.3. **Foreign Person**. Seller is not a foreign person within the meaning of Section 1445(f) of the Code, and Seller agrees to execute any and all documents necessary or reasonably required by the Internal Revenue Service or Purchaser in connection with such declaration.

6.1.4. **Leases; Brokerage Agreements.**

(i) Seller has delivered or made available to Purchaser true, correct and complete copies of the Existing Leases (including all amendments and supplements thereto). A true, correct and complete list of the Existing Leases (including all amendments and supplements thereto and all subleases consented to by Seller) is set forth in **Exhibit B**. Other than the Existing Leases, there are no other leases, licenses, franchises, concessions, tenancies or other occupancy rights granted or consented to by Seller to any party. No representation is made as to (a) possible assignments of any of the Leases not consented to by Seller or (b) any subleases or underlettings under any of the Leases not consented to by Seller.

(ii) No base rent, fixed rent or additional rent has been paid more than one (1) month in advance by any tenant under any Existing Lease, and except as set forth in **Schedule 6.1.4(ii)** hereof, Seller has not received any written notices by any tenant under any Existing Lease asserting a default by Seller under such Existing Lease, or a defense or off-set to rent or additional rent by any such tenant based on an allegation that Seller is in default of any of its obligations as landlord under any Existing Lease, in both cases which default remains uncured.

(iii) Seller does not warrant that any particular Lease will be in force or effect at the Closing or that the Tenants will have performed their obligations thereunder. The termination of any Lease prior to the Closing as a result of a default by the applicable Tenant thereunder and otherwise as permitted under the terms of the Lease shall not affect the obligations of Purchaser under this Agreement, or entitle Purchaser to an abatement of or credit against the Purchase Price or give rise to any claim on the part of Purchaser against Seller.

(iv) The only written agreements to which Seller is a party for the payment of Leasing Commissions in connection with the Leases as of the date hereof are those listed on **Schedule 6.1.4(iv)** attached hereto (the "**Brokerage Agreements**") and no claims for Leasing Commissions have been made by any party under any such Brokerage Agreements. Seller has delivered or made available to Purchaser true, correct and complete copies of the Brokerage Agreements (together with any amendments or supplements thereto).

(v) Attached hereto as **Schedule 6.1.4(v)**, is a true, correct and complete list of rent arrearages with respect to Existing Leases, as of April 24, 2006. At the Closing, Seller will provide an updated list of rent arrearages dated not later than five (5) business days prior to the Closing Date.

(vi) As of the date hereof, the Existing Leases are in full force and effect and except as listed in **Schedule 6.1.4(vi)**, no written notice of default or termination has been delivered to any Tenant which continues to be outstanding and, except as set forth on the attached **Schedule 6.1.4(vi)**, no monetary default or, to Seller's knowledge, other material default exists by any Tenant or by Seller under the Leases.

6.1.5. **Tenant Allowances and Leasing Commissions**. There are no unpaid Leasing Commissions or Tenant Allowances which are either currently due and payable or earned (but not yet due or payable) except (i) as set forth on **Schedule 4.2.7(i)** (as to Leasing Commissions), (ii) as set forth on **Schedule 4.2.7(ii)** (as to Tenant Allowances), and (iii) as to Leasing Commissions or Tenant Allowances which may become due as the result of any renewal, extension, expansion or modification of any Existing Lease which has not been exercised as of the date hereof.

6.1.6. **Telecommunications Contracts**. Except as listed on **Exhibit B** there are no telecommunications agreements in effect as of the date hereof (including all amendments, modifications and supplements thereto). All amounts payable by Seller under such agreements have been paid through the last date due and there is no material default existing and continuing thereunder by Seller, or to Seller's knowledge, the other party thereto.

6.1.7. **Contracts**. Seller has delivered or made available to Purchaser true, correct and complete copies of the Existing Contracts. **Schedule 1.1.7** attached hereto is a true, correct and complete list of the Contracts to which the Property is subject and which would remain in effect after the Closing Date. There are no material service or other contracts other than those listed on **Schedule 1.1.7**. Each of the Existing Contracts is terminable by Seller upon no greater than thirty (30) days written notice without penalty except as otherwise provided on **Schedule 1.1.7**. All amounts payable by Seller under such contracts have been paid through the last date due and there is no material default existing and continuing thereunder by Seller, or to Seller's knowledge, the other party thereto.

6.1.8. **Condemnation**. Seller has not received any written notice of any and to, Seller's knowledge, there are no existing, pending or contemplated condemnation, eminent domain or similar proceeding with respect to the Real Property, except as disclosed on **Schedule 6.1.8** attached hereto. Seller has delivered to Purchaser true and complete copies of all material notices, filings, proceedings and other material information (other than e-mail communications) known to Seller and related to the items listed on **Schedule 6.1.8** attached hereto.

6.1.9. **Tax Appeal Proceedings**. Except as set forth on **Schedule 6.1.9** attached hereto, Seller has not filed, and has not retained anyone to file, notices of protest against, or to commence actions to review real property tax assessments against the Real Property which are currently pending. Seller has delivered to Purchaser copies of all filings, protests and other material information related to the items listed on **Schedule 6.1.9** attached hereto.

6.1.10. **Employees**. **Schedule 6.1.10** attached hereto is a correct and complete list of all employees (for purposes of this Agreement, the "**Employees**") presently employed by Seller or Seller's property manager at the Real Property.

6.1.11. **Litigation**. **Schedule 6.1.11** attached hereto contains a correct and complete list of litigation commenced by or against Seller or Seller's property manager in connection with the Property of which Seller or Seller's property manager has received actual notice (exclusive of tort and other liability proceeding for which adequate insurance coverage is available, and exclusive of the proceedings, if any, set forth on **Schedule 6.1.9** hereto).

6.1.12. **Purchase Rights**. There are no rights of first offer to purchase, rights of first refusal to purchase, purchase options or similar rights or contractually required consents to transfer pertaining to the Property.

6.1.13. **Fixtures**. The Personal Property has been fully paid for and is owned by Seller free and clear of all liens and encumbrances.

6.1.14. **Insurance Policy**. **Schedule 6.1.14** attached hereto contains a correct and complete list of property and casualty insurance policies and liability insurance policies (including the applicable coverage and deductible amounts) (collectively, the "**Insurance Policies**") maintained by Seller with respect to the Real Property as of the date hereof.

6.1.15. **Environmental Claims**. Seller has not received any written notices of any violation or alleged violation of any federal or state environmental laws that are applicable to the Property or informing Seller of any governmental investigation, audit, cleanup, abatement, or containment with respect to any environmental matters affecting the Property.

6.1.16. **Licenses and Permits**. To Seller's knowledge, as of the date hereof Seller and/or Manager, hold all Permits and Licenses which are required for the continued operation of the Property in accordance with its current operation, other than Permits and Licenses the failure to obtain which do not, individually or in the aggregate, have a material adverse effect on the operations of the Property. To the best of Seller's knowledge, all such Permits and Licenses are in full force and effect, except where the failure of any of the foregoing to be valid or in full force and effect does not have a material adverse effect on the operations of the Property.

6.1.17. **Notice of Violations**. To Seller's knowledge, no material violations currently exist which would have a material impact on the use or operation of the Property.

6.1.18. **Operating Statements**. Attached hereto as **Schedule 6.1.17** are true and complete operating statements prepared in the ordinary course of business with respect to the Property for the calendar years 2003, 2004 and 2005 and draft operating statements prepared in the ordinary course of business with respect to the Property for the calendar year 2006 which are, to the best of Seller's knowledge, correct.

6.1.19. **Bankers Trust Agreement**. Neither Seller nor, to Seller's knowledge, any Tenant is in default under the terms of the Bankers Trust Agreement (as hereinafter defined), including but not limited to the Surviving Bankers Trust Provisions (as hereinafter defined).

6.1.20. **Surviving Bankers Trust Provisions**. Attached hereto as **Exhibit M** is a true and complete description of all of the Surviving Bankers Trust Provisions (including the list of "Competitors" as defined in the Bankers Trust Agreement). Other than the Surviving Bankers Trust Provisions, there are no other provisions of the Bankers Trust Agreement that are binding on any successor in interest to Seller.

6.2. Seller's Knowledge. For purposes of this Agreement and any document delivered at Closing, whenever the phrases "to Seller's knowledge", "to the current, actual knowledge of Seller" or the "knowledge" of Seller or words of similar import are used, they shall be deemed to refer to the actual knowledge only of Andrew Levin in connection with leasing issues only, Thomas Hill in connection with the management and operation of the Property only, Robert Selsam as to all other matters only, and not any implied, imputed or constructive knowledge of Andrew Levin, Thomas Hill or Robert Selsam, or any other party, without any independent investigation having been made or any implied duty to investigate. Seller represents and warrants that the foregoing individuals are the individuals with knowledge of the subject matters noted after each such individual's name.

6.3. Purchaser's Agreement Regarding Seller's Representations. Purchaser agrees that in the event that Purchaser shall obtain actual knowledge of any information that is or reasonably seems to be contradictory to, and could constitute the basis of a breach of, any representation or warranty or failure to satisfy any condition on the part of Seller, then Purchaser shall promptly deliver Seller written notice of such information specifying the representation, warranty or condition to which such information relates.

6.4. Survival. The express representations and warranties made in this Agreement by Seller shall not merge into any instrument of conveyance delivered at the Closing and all of the representations and warranties made in this Agreement by Seller shall survive the Closing for a period of twelve (12) months (the "**Survival Period**"); provided, however, that any action, suit or proceeding with respect to the truth, accuracy or completeness of such representations and warranties shall be commenced, if at all, on or before the date which is twelve (12) months after the date of the Closing and, if not commenced on or before such date, thereafter shall be void and of no force or effect. The terms and provisions of this Section 6.4 shall survive the Closing

6.5. Waiver. Notwithstanding anything to the contrary contained herein, Purchaser acknowledges that Purchaser shall not be entitled to bring any action after the Closing Date based on any representation made by Seller in this Article VI to the extent that, prior to Closing, Purchaser has actual knowledge of such claimed breach of, such representation or warranty.

6.6. Limitation of Liability. Notwithstanding anything to the contrary or inconsistent in this Agreement or in any of the agreements, certificates or affidavits delivered by Seller pursuant to this Agreement, but excluding the obligations of Seller under this Section 6.6, (i) Seller shall have no liability for any losses, claims, costs or expenses suffered or incurred by Purchaser as a result of the inaccuracy of any of the representations or warranties of Seller set forth in Section 6.1 hereof and/or under any of the certificates of Seller updating such representations and warranties set forth in or delivered pursuant to this Agreement if the same in the aggregate shall have a monetary value (or be in a monetary amount claimed) of less than Five Hundred Thousand Dollars ($500,000) and (ii) the aggregate liability of Seller arising pursuant to or in connection with the inaccuracy of any of such representations and warranties of Seller and/or such certificates of Seller set forth in or delivered pursuant to this Agreement shall not

exceed Twenty Four Million Dollars ($24,000,000) (the "**Liability Cap**"); provided that, once the claims equal or exceed Five Hundred Thousand Dollars ($500,000), Seller shall be liable for all such claims (including the first $500,000 of claims) up to the Liability Cap. The terms and provisions of this Section 6.6 shall survive Closing and/or termination of this Agreement.

6.7. "AS IS" Sale. Subject only to Seller's covenants, representations, warranties and indemnifications in this Agreement, Purchaser shall purchase the Property in its "AS IS" condition at the Closing Date, subject to all latent and patent defects (whether physical, financial or legal, including permitted title defects), based solely on Purchaser's own inspection, analysis and evaluation of the Property. Purchaser acknowledges that it is not relying on any statement or representation (other than representations, warranties, covenants and indemnifications contained in this Agreement) that has been made or that in the future may be made by Seller or any of Seller's Employees, agents, attorneys or representatives concerning the condition of the Property (whether relating to physical conditions, operation, performance, title, or legal matters).

ARTICLE VII.

Representations and Warranties of Purchaser

Purchaser represents and warrants to Seller that the following matters are true and correct as of the date hereof.

7.1. Authority. Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of organization. This Agreement has been duly authorized, executed and delivered by Purchaser, is the legal, valid and binding obligation of Purchaser, and does not violate any provision of any agreement or judicial order to which Purchaser is a party or to which Purchaser is subject. All documents to be executed by Purchaser which are to be delivered at Closing will, at the time of Closing, be duly authorized, executed and delivered by Purchaser, be legal, valid and binding obligations of Purchaser, and will not violate any provision of any agreement or judicial order to which Purchaser is a party or to which Purchaser is subject.

7.2. Bankruptcy or Debt of Purchaser. Purchaser represents and warrants to Seller that Purchaser has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Purchaser's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of Purchaser's assets, suffered the attachment or other judicial seizure of all, or substantially all, of Purchaser's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

7.3. No Financing Contingency. It is expressly acknowledged by Purchaser that this transaction is not subject to any financing contingency and that no financing for this transaction shall be provided by Seller. Purchaser has or will have at the Closing Date, sufficient cash, available lines of credit or other sources of immediately good funds to enable it to make payment of the Purchase Price and any other amounts to be paid by it hereunder.

7.4. Purchaser's Acknowledgment. Purchaser acknowledges and agrees that, except as expressly provided in this Agreement, Seller has not made, does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which Purchaser may conduct thereon, (d) the compliance of or by the Property or its operation with any laws, rules, ordinances, designations or regulations of any applicable governmental authority or body, including, without limitation, the Americans with Disabilities Act, any applicable federal, state or local landmark designations, and any rules and regulations promulgated under or in connection with any of the foregoing, (e) the habitability, merchantability or fitness for a particular purpose of the Property, (f) the current or future real estate tax liability, assessment or valuation of the Property, (g) the availability or non-availability or withdrawal or revocation of any benefits or incentives conferred by any federal, state or municipal authorities, or (h) any other matter with respect to the Property, and specifically that Seller has not made, does not make and specifically disclaims any representations regarding solid waste, as defined by the U.S. Environmental Protection Agency regulations at 40 C.F.R., Part 261, or the disposal or existence, in or on the Property, of any hazardous substance, as defined by the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, and applicable state laws, and regulations promulgated thereunder. Purchaser further acknowledges and agrees that having been given the opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller as to the physical condition of the Property. Purchaser further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller, except as otherwise expressly provided herein, has not made any independent investigation or verification of such information. **PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, AND AS A MATERIAL INDUCEMENT TO THE SELLER'S EXECUTION AND DELIVERY OF THIS AGREEMENT, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS ON AN "AS IS, WHERE IS" CONDITION AND BASIS.** Purchaser acknowledges, represents and warrants that Purchaser is not in a significantly disparate bargaining position with respect to Seller in connection with the transaction contemplated by this Agreement; that Purchaser freely and fairly agreed to this waiver as part of the negotiations for the transaction contemplated by this Agreement; and that Purchaser is represented by legal counsel in connection with this transaction and Purchaser has conferred with such legal counsel concerning this waiver. The terms and provisions of this Section 7.4 shall survive the Closing and/or termination of this Agreement.

7.5. Purchaser's Agreement Regarding Seller's Representations. Purchaser agrees that in the event that Purchaser shall obtain actual knowledge of any information that is contradictory to, and could constitute the basis of a breach of, any representation or warranty or failure to satisfy any condition on the part of Seller, then Purchaser shall promptly deliver Seller written notice of such information specifying the representation, warranty or condition to which such information relates.

7.6. OFAC; AML Laws.

7.6.1. Neither Purchaser nor any of its direct or indirect beneficial owners is now or shall be at any time prior to or at the Closing a person or entity with whom (a) a United States citizen, permanent resident alien or person within the United States, (b) an entity organized under the laws of the United States or its territories, (c) an entity wherever organized or doing business that is owned or controlled by persons specified in (a) or (b) or an entity organized under the laws of the United States or its territories or entity having its principal place of business within the United States or any of its territories (collectively, a "**U.S. Person**"), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under AML Laws or other relevant United States law, regulation and executive orders, including lists published by the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") (including those executive orders and lists published by OFAC with respect to persons or entities that have been designated by executive order or by the sanction regulations of OFAC as persons or entities with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC or otherwise) or under United Nations, OEDC or other laws, regulations, executive orders or guidelines similar to AML Laws. Purchaser has taken such measures as are required of Purchaser under AML Laws to ascertain that the funds being invested by Purchaser in the Ownership Interests under this Agreement are derived from permissible sources. Neither Purchaser nor any of its direct or indirect beneficial owners is a person or entity with which a U.S. Person, including a United States Financial Institution as defined in 31 U.S.C. §5312, as amended is prohibited from transacting business of the type contemplated by this Agreement under any applicable AML Law. Neither Purchaser nor any of its direct or indirect beneficial owners has been convicted of any criminal violation of any AML Law. Purchaser and its direct and indirect beneficial owners are in compliance with the Patriot Act as applicable to Purchaser and its direct and indirect beneficial owners.

7.6.2. Any breach by Purchaser of the foregoing representations and warranties shall be deemed a default by Purchaser under Section 12.2 of this Agreement and (y) the representations and warranties contained in this Section 7.6 shall be continuing in nature and shall survive the expiration or earlier termination of this Agreement.

7.7. Bankers Trust Agreement

(a) Purchaser acknowledges that Seller is bound by certain provisions of the Agreement dated as of August 8, 1997 by and between Bankers Trust Company, as seller, and Boston Properties Limited Partnership, as purchaser (the "**Bankers Trust Agreement**") more particularly described **Exhibit M** hereto (the "**Surviving Bankers Trust Provisions**") and has agreed that Seller's successors and assigns shall be bound by such Surviving Bankers Trust Provisions. Purchaser acknowledges and agrees that the Surviving Bankers Trust Provisions are binding on the Purchaser and shall survive the Closing and that Purchaser shall cause any future buyer of the Property to agree to be bound by the Surviving Bankers Trust Provisions. The provisions of this Section 7.7 shall survive the Closing.

(b) Purchaser acknowledges that Seller has requested that Purchaser maintain the inscribed lettering presently on the exterior wall of that portion of the Improvements

known as the "West Building" reciting the name of Sigmund Sommer as builder for so long as the West Building shall stand, provided that such inscription may be replaced with a similar inscription, in the same or similar location, which replacement may refer to Sigmund Sommer as builder and which may refer to the then owner or its affiliate, as owner.

ARTICLE VIII.

Seller's Interim Operating Covenants

8.1. Operations. Seller agrees, at its cost and expense, to operate, manage and maintain the Improvements through the Closing Date in the same manner as it has operated, managed and maintained the Improvements through the date hereof, subject to ordinary wear and tear and further subject to Article XI of this Agreement. Seller shall have no obligation to make any capital repairs to the Improvements through the Closing Date, other than such repairs or replacements reasonably required to prevent further damage to the Property and to protect the health and safety of tenants, visitors and the public (both inside and out of the Property) and to comply with law and avoid violations. Seller will perform all obligations of landlord under the Leases and enforce the Leases against the tenants thereunder in accordance with their respective terms.

8.2. Maintain Insurance. Seller covenants to keep, at its sole cost and expense, until the earlier of the Closing or the termination of this Agreement, the Insurance Policies; provided, however, that Seller may make commercially reasonable modifications to the Insurance Policies provided that such modifications do not materially reduce the insurance coverage or increase deductibles existing as of the date hereof.

8.3. Personal Property. Seller agrees not to transfer to any third party or remove any Personal Property from the Improvements after the date hereof, except for repair or replacement thereof and except in the case of any termination of this Agreement. Any items of Personal Property repaired or replaced after the date hereof shall be promptly installed prior to Closing and shall be of substantially similar quality to the item of Personal Property being replaced.

8.4. Tenant Leases. Seller shall not, from and after the date hereof and until the termination of this Agreement, (i) modify, renew (except pursuant to the exercise by a Tenant of a renewal or extension option contained in such Tenant's Lease which shall not require the prior written approval of the Purchaser), grant any consent or waive any material rights under the Leases, (ii) terminate any Lease except by reason of a default by the Tenant thereunder and then only in accordance with Seller's past practice or as required by law, (iii) enter into a New Lease, provided, however, that Seller may (A) enter into New Leases with respect to the space covered by the terms of the Master Lease (as hereinafter defined) and (B) enter into Brokerage Agreements in connection with any such New Leases, all as set forth in, and to the extent permitted under, the Master Lease, or (iv) accept a surrender or consent to the termination or cancellation of any Lease by the Tenant thereunder, except to the extent landlord is obligated to do so in accordance with the terms of such Lease or as required by law, in each case described in clauses (i) through (iv), without the prior written approval of Purchaser, which approval shall not be unreasonably withheld or delayed, and which shall be deemed granted if Purchaser fails to

respond to a written request for approval made at any time during the term of this Agreement within ten (10) business days after receipt of the request therefor together with a summary of lease terms in reasonable detail, a statement as to the brokerage commission, if any, payable in connection therewith and credit information on the proposed tenant, if the intended action is the execution of a new tenant lease. If Purchaser approves of Seller's entering into a New Lease and such lease is thereafter fully executed, then (i) the amount of the brokerage commission specified in Seller's notice, (ii) the cost of any tenant improvements to be performed by the landlord under the terms of the proposed lease, and (iii) the amount of any cash work allowances required to be given by the landlord to the tenant under the terms of the proposed lease incurred in connection with such New Lease shall be the responsibility of Purchaser and shall be apportioned at the Closing in accordance with the provisions of **Article 4** hereof. Upon Seller's execution and delivery of any such lease approved by Purchaser, the same shall be deemed to be a New Lease for all purposes under this Agreement.

8.5. Contracts. Seller may, between the date hereof and the Closing, extend, renew, replace or modify any Contract or enter into any new Contract if the terms thereof are on commercially reasonable and competitive market terms and the term thereof is cancelable upon no more than thirty (30) days prior written notice, without premium or penalty.

8.6. Tax Appeal Proceedings.

(a) If any Tax Proceedings in respect of the Property, relating to any tax years ending prior to the tax year in which the Closing occurs, are pending at the time of the Closing, Seller reserves and shall have the right to continue to prosecute and/or settle the same at no cost or expense to Purchaser and without Purchaser's consent.

(b) If any Tax Proceedings in respect of the Property, relating to the tax year in which the Closing occurs, are pending at the time of Closing, at Purchaser's request Seller shall, if possible, cause Purchaser to be substituted for Seller in such Tax Proceedings, or if not possible, Seller shall permit Purchaser to control the conduct such Tax Proceedings, it being agreed that (i) Seller shall not be obligated to agree to the settlement of any such Tax Proceedings in which Purchaser has been substituted for Seller or which Purchaser is controlling unless Seller approves of such settlement in the exercise of its reasonable discretion and (ii) Seller shall not settle any such proceeding without Purchaser's prior written consent, which consent shall not be unreasonably withheld or delayed. Seller and Purchaser shall otherwise cooperate with each other with respect to all Tax Proceedings.

(c) Any refunds or savings in the payment of taxes resulting from such Tax Proceedings applicable to the period prior to the date of the Closing shall belong to and be the property of Seller, and any refunds or savings in the payment of taxes applicable to the period from and after the date of the Closing shall belong to and be the property of Purchaser; provided, however, with respect to any Tenants who were in occupancy of the Real Property during the period for which any tax refunds or savings are applicable and continued to be in occupancy of the Real Property for any period from and after the Closing Date, if any such refund creates an obligation to reimburse any such Tenants for any rents or additional rents paid or to be paid, that portion of such refund equal to the amount of such required reimbursement (after deduction of

allocable expenses as may be provided in the Lease to such Tenant) shall be paid to Purchaser and Purchaser shall disburse the same to such Tenants in accordance with each such Tenant's applicable Lease. Purchaser hereby covenants to make such disbursement and to indemnify and hold harmless Seller from and against all demands, claims, actions, causes of action, assessments, losses, damages, liabilities, costs and expenses, including interest, penalties and reasonable attorneys' fees and disbursements, incurred by Seller for Purchaser's failure to comply with the terms hereof (which covenant and indemnification by Purchaser shall survive the Closing). All reasonable attorneys' fees and other expenses incurred in obtaining such refunds or savings shall be apportioned between Seller and Purchaser in proportion to the gross amount of such refunds or savings payable to Seller and Purchaser, respectively (without regard to any amounts reimbursable to Tenants).

(d) The provisions of this Section 8.6 shall survive the Closing.

8.7. Notices from Governmental Authorities. Seller shall promptly notify Purchaser of, and shall promptly deliver to Purchaser a copy of any notice Seller may receive, on or before the Closing, from any governmental authority, concerning the Property that has not been previously disclosed to Purchaser.

8.8. Access. Seller agrees to afford Purchaser and its employees and authorized agents with access to the Property from time to time prior to the Closing, at reasonable times and upon reasonable advance notice, provided that neither Purchaser nor any of its employees or agents shall enter any portion of the Property unless accompanied by a representative of Seller and that Seller shall not be required to incur any cost or expense or commence any action to afford Purchaser with such access. Purchaser specifically agrees that neither it nor any of its employees or agents shall communicate directly with any Employees or Tenants, without Seller's prior written consent.

8.9. Permits and Licenses. Except as required pursuant to the terms of any Permit or License or as otherwise required by any Governmental Authority (as hereinafter defined), Seller will not amend, modify or rescind any of the Permits and Licenses prior to the Closing Date. For purposes of this Agreement, the term "**Governmental Authority**" means the United States, the State, County and City of New York, and any political subdivision, agency, authority, department, court, commission, board, bureau or instrumentality of any of the foregoing which has or is asserting jurisdiction over any of the parties hereto or over any of the Property.

8.10. Capital Improvements. Attached hereto as Part I of **Schedule 8.10** is a schedule of pending capital improvements for the Property (the "**Capital Plan**"). Seller shall pay for the cost of those capital improvements set forth under the heading "Seller's Responsibility" on the Capital Plan. If and to the extent the Capital Plan is implemented by Purchaser, BPLP, as property manager under the Management and Leasing Services Agreement, shall oversee the work required under the Capital Plan without fee. The provisions of this Section 8.10 shall survive the Closing. Seller represents and warrants that there are no binding contract or other commitments in respect of the Capital Plan except as set forth in **Schedule 1.1.7** hereof and that Seller shall not enter into any such contracts or other commitments between the date hereof and the Closing Date.

ARTICLE IX.

Closing Conditions

9.1. Conditions to Obligations of Seller. The obligations of Seller under this Agreement to sell the Property and consummate the other transactions contemplated hereby shall be subject to the satisfaction of the following conditions on or before the Closing Date, except to the extent that any of such conditions may be waived by Seller in writing at Closing in the Seller's sole and absolute discretion.

9.1.1. **Representations, Warranties and Covenants of Purchaser**. All representations and warranties of Purchaser contained in Article VIII of this Agreement shall be true and correct in all material respects as of the Closing Date, with the same force and effect as if such representations and warranties were made anew as of the Closing Date, and Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date.

9.1.2. **Conditions**. The obligations of Purchaser under this Agreement to purchase the Property and consummate the other transactions contemplated hereby shall be subject to the Seller's delivery of the documents and instruments required to be delivered by Seller pursuant to Section 10.1 of this Agreement.

9.1.3. **No Orders**. No order, writ, injunction or decree (collectively, "**Order**") shall have been entered and be in effect by any court of competent jurisdiction or any authority, and no Requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby; provided that if any of the foregoing shall be in effect as a direct or indirect result of Seller's acts or omissions taken or omitted by Seller with the intention of preventing the Closing, the failure of Seller to close by reason any of the foregoing shall constitute a default by Seller hereunder, entitling Purchaser to all rights and remedies of Purchaser provided under Section 12.1 hereof.

9.1.4. **Termination**. Subject to Article XII, in the event Seller shall elect not to close due to the failure of any one or more of the conditions precedent to Seller's obligation to sell set forth in this Section 9.1 which has not been waived by Seller in writing in Seller's sole and absolute discretion, Seller shall so notify Purchaser on the day of Closing in writing specifying the unfulfilled conditions, and except as otherwise provided in Article XII, Seller shall direct the Escrow Agent to return the Deposit (together with all interest earned thereon) to Purchaser and this Agreement shall terminate, and neither party shall have any further obligation under this Agreement (except the Surviving Termination Obligations).

9.2. Conditions to Obligations of Purchaser.

9.2.1. **Representations, Warranties and Covenants of Seller**. All representations and warranties of Seller contained in Article VII of this Agreement shall be true and correct in all material respects as of the Closing Date, with the same force and effect as if such representations and warranties were made anew as of the Closing Date, and Seller shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Seller on or prior to the Closing Date.

9.2.2. **Conditions**. The obligations of Purchaser under this Agreement to purchase the Property and consummate the other transactions contemplated hereby shall be subject to the Seller's delivery of the documents and instruments required to be delivered by Seller pursuant to Section 10.1 of this Agreement.

9.2.3. **No Orders**. No Order shall have been entered and be in effect by any court of competent jurisdiction or any authority, and no Requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby; provided that if any of the foregoing shall be in effect as a direct or indirect result of Purchaser's acts or omissions taken or omitted by Purchaser with the intention of preventing the Closing, the failure of Purchaser to close by reason any of the foregoing shall constitute a default by Purchaser hereunder, entitling Seller to all rights and remedies of Seller provided under Section 12.2 hereof.

9.2.4. **Termination**. Subject to Article XII and further subject to Seller's right to adjourn the Closing hereunder, in the event Purchaser shall elect not to close due to the failure of any one or more of the conditions precedent to Purchaser's obligation to consummate this transaction set forth in this Section 9.2 which has not been waived by Purchaser in writing in Purchaser's sole and absolute discretion, Purchaser shall so notify Seller on the day of Closing in writing specifying the unfulfilled conditions, and Seller shall have a period of ninety (90) days from the scheduled date of Closing to fulfill such conditions. If, after expiration of such ninety (90) day period Seller is unable to fulfill the conditions precedent identified in writing by Purchaser, Purchaser may terminate the Agreement on thirty (30) days written notice to Seller and upon the expiration of such thirty (30) day period, Seller shall direct the Escrow Agent to return the Deposit and the Interest to Purchaser and this Agreement shall terminate, and neither party shall have any further obligation under this Agreement (except the Surviving Termination Obligations); provided, however, that if such condition has been fulfilled by Seller or waived by Purchaser within such thirty (30) day period, Purchaser's election to terminate the Agreement shall be null and void.

ARTICLE X.

Closing

10.1. Seller's Closing Obligations. Seller shall execute, acknowledge (where applicable) and deliver or cause to be delivered to Purchaser at Closing the following:

10.1.1. A bargain and sale deed with covenants against grantor's acts (the "**Deed**") substantially in the form of **Exhibit C** attached hereto, conveying to Purchaser the Land and Improvements in fee simple, subject only to the Permitted Exceptions.

10.1.2. An "**Assignment and Assumption of Leases**" substantially in the form of **Exhibit D** attached hereto, with respect to the Leases, guaranties of the Leases, Security Deposits and Brokerage Agreements.

10.1.3. An "**Assignment and Assumption of Contracts, Permits and Licenses**" substantially in the form of **Exhibit E** attached hereto.

10.1.4. A "**Guaranty Agreement**" substantially in the form of **Exhibit N** attached hereto.

10.1.5. A "**Management and Leasing Services Agreement**" substantially in the form of **Exhibit O** attached hereto.

10.1.6. A "**Master Lease**" substantially in the form of **Exhibit P** attached hereto.

10.1.7. A list of cash Security Deposits and all non-cash Security Deposits (including letters of credit) delivered to Seller as of the Closing Date pursuant to the terms of the Leases (together with a list of the amounts of any Security Deposits applied or letters of credit drawn upon and applied towards Tenant's liabilities under the Leases), together with, subject to the provisions of Section 4.2.6 hereof, other instruments of assignment, transfer, signature guaranty or consent as may be necessary to permit Purchaser to realize upon the same, each duly executed and delivered by Seller.

10.1.8. Copies of the Contracts, the Licenses and Permits (originals will be provided if available).

10.1.9. Originals (to the extent in Seller's possession or control, otherwise photostatic copies hereof) of all Leases in effect on such date and all other documents in the possession of Seller relating to the Tenants.

10.1.10. Written notices executed by Seller and addressed to each Tenant (i) advising each such Tenant of the sale of the Property and the transfer of the unapplied amount of its Security Deposit (if any) or any letter of credit to Purchaser in accordance with New York General Obligations Law Section 7-105, (ii) indicating that rent should thereafter be paid to Purchaser and giving instructions therefore, and (iii) in the case of (A) Deutsche Bank Trust Company Americas, (B) National Football League, (C) Credit Suisse First Boston, and (D) Investcorp, requesting revised certificates of insurance naming Purchaser as an additional insured, substantially in the form of **Exhibit F** attached hereto. Purchaser agrees to deliver such notices to the Tenants, by registered or certified mail, within five (5) days after the Closing Date and hereby agrees to indemnify and hold Seller harmless from and against all loss, cost and expense incurred by Seller as a result of Purchaser's failure to so deliver such notices to the Tenants. Purchaser's obligations under this Section 10.1.10 shall survive the Closing.

10.1.11. Written notices executed by Seller, addressed to each party performing services pursuant to a Contract indicating that the Property has been sold to Purchaser and that all rights of Seller thereunder have been assigned to Purchaser.

10.1.12. A certificate in the form of **Exhibit G** attached hereto, indicating that the representations and warranties of Seller set forth in Article VI are true and correct on the Closing Date, or, if there have been changes after the date hereof to the Closing Date, describing such changes.

10.1.13. A bill of sale substantially in the form of **Exhibit H** attached hereto conveying, transferring and selling to Purchaser (with no value separate from the Real Property) all right, title and interest of Seller in and to the Personal Property.

10.1.14. A certificate substantially in the form of **Exhibit I** attached hereto certifying that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended.

10.1.15. A New York City Real Property Transfer Tax Return and New York State Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate (Form TP-584) (together, the "**Transfer Tax Returns**"), each duly signed by Seller, together with the payment of the amount of the Transfer Taxes, if any, due in connection with the transactions contemplated hereunder, in each case by delivery to the Title Company of a certified check payable to the order of the Commissioner of Finance in the amount of the Transfer Tax due to New York City and a certified check payable to the order of the New York State Department of Taxation and Finance in the amount of the Transfer Tax due to New York State (unless Seller elects to have Purchaser make such payments with a credit against the Purchase Price, in which case such payments shall be so made by Purchaser).

10.1.16. The following items to the extent in Seller's possession, or under Seller's control: (i) keys for all entrance doors in the Improvements, (ii) all tenant files, operating reports, files, plans and specifications relating to the Improvements and other materials related to the operation of the Property and (iii) the originals (or copies where originals are not available) of the Contracts and the Licenses and Permits.

10.1.17. Evidence reasonably satisfactory to Purchaser and the Title Company that the person executing the Closing documents on behalf of Seller has full right, power and authority to do so.

10.1.18. An affidavit in lieu of registration as required by Chapter 664 of the Laws of 1978 in the form of **Exhibit J**.

10.1.19. Affidavits and other matters as are reasonably requested by the Title Company including pursuant to Section 5.1.6 of this Agreement in connection with issuance of Purchaser's title policy.

10.1.20. An executed copy of the Proration Statement.

10.1.21. An updated Schedule 6.1.4(v) dated no earlier than five (5) business days prior to the Closing Date.

10.1.22. Completed tenant estoppel letters ("**Estoppel Certificates**") from (i) Deutsche Bank Trust Company Americas, (ii) National Football League, (iii) Credit Suisse First Boston, (iv) Investcorp and (v) other Tenants constituting no less than 75% (when added to the tenanted space of the foregoing Tenants in (i) through (iv)) of the tenanted office space in the Premises (the "**Required Estoppel Certificates**"), dated no earlier than the date hereof. Purchaser hereby acknowledges and agrees that it shall accept any estoppel certificate which is substantially in the form of the estoppel certificate attached to each such Tenant's Lease, or, with respect to any Lease that does not include a form of estoppel certificate, an estoppel certificate which substantially incorporates the estoppel provisions expressly contained in any such Lease ("**Tenant's Form of Estoppel Certificate**") in lieu of the form of estoppel certificate attached hereto as **Exhibit L** (the "**Standard Form of Estoppel Certificate**"); provided, however, Seller hereby agrees that it shall deliver the Standard Form of Estoppel Certificate to each of the Tenants for signature and provided, further, that to be considered an Estoppel Certificate which satisfies the delivery requirement of this Section 10.1.22, the certificate shall conform to, and not be materially and adversely inconsistent with, Tenant's Form of Estoppel Certificate and in all cases, shall not allege any material default. Seller agrees that it shall use reasonable efforts to obtain Estoppel Certificates ("**Other Estoppel Certificates**") in the form of the Standard Form of Estoppel Certificate from all Tenants other than as described in (i) through (v) above, but shall not be required to expend any money (other than nominal sums), provide any financial accommodations or commence any litigation in connection with such Estoppel Certificates and Purchaser agrees that delivery of the Other Estoppel Certificates shall not be a condition to Closing hereunder. If for any reason Seller is unable to deliver any of the Required Estoppel Certificates on the Closing Date, Seller may, in its discretion, adjourn the Closing for a period not to exceed ninety (90) days from the scheduled Closing Date, during which period Seller shall use commercially reasonable efforts to obtain such missing Required Estoppel Certificates.

10.1.23. Seller in its sole discretion shall have the right, but not the obligation, to provide to Purchaser Seller's own estoppel in lieu of any one of the Required Estoppel Certificates (other than for any of the Tenants listed in clauses (i) through (iv) of Section 10.1.22 above) but in no event for more than 15% of the tenanted office space in the Premises (in respect of which Boston Properties Limited Partnership shall agree to be liable) if any one such Tenant delivers an estoppel alleging a default or other irregularity, or if Seller is unable to procure a sufficient number of Required Estoppel Certificates to satisfy the provisions of Section 10.1.22 above (but in no event for more than 15% of the tenanted office space in the Premises), and to thereby satisfy the condition to Closing in respect of such Required Estoppel Certificates. Any such estoppel shall provide that Seller shall indemnify Purchaser if any of the defaults or irregularities alleged by the applicable Tenants are correct. Any such estoppel and indemnity delivered by Seller shall be deemed to be rescinded and terminated to the extent the information contained therein is subsequently confirmed by an estoppel delivered by the applicable Tenant.

10.1.24. Seller will use its commercially reasonable efforts to cause the holder of the existing mortgage to assign same to Purchaser's mortgage lender on customary terms (provided that Purchaser thereby obtains a credit against future mortgage recording tax in the amount of all mortgage recording tax previously paid or credited in respect of the existing mortgage ("Previous Mortgage Tax")), including submitting all notices and/or requests and entering into all documentation reasonably requested by Purchaser's lender in connection with such assignment, in consideration of a payment to such mortgage lender equal to that required to discharge the existing mortgage in full at Closing (the "Mortgage Assignment Amount"). In connection with such assignment, Purchaser's mortgage lender shall take an assignment of the existing mortgage and associated promissory note from the existing lender at the Closing for an amount equal to the Mortgage Assignment Amount. Purchaser acknowledges that in connection with the assignment of Seller's existing mortgage to Purchaser's mortgage lender, Seller is required to defease its existing mortgage loan and that Seller, in its discretion, may adjourn the Closing Date for up to thirty (30) days in the aggregate in order to effect such defeasance. At Seller's sole cost and expense, Purchaser agrees to cooperate in all reasonable respects in connection with Seller's defeasance, including, without limitation, providing any information and signing any documentation reasonably requested by the holder of the existing mortgage provided such documentation shall not impose any liability on Purchaser. Purchaser shall be responsible for all actual costs and expenses incurred by Seller in connection with the assignment of the existing note and mortgage to Purchaser's lender (but shall not be liable for any portion of the costs to defease the existing mortgage loan).

10.1.25. An opinion of counsel in form and substance reasonably satisfactory to Purchaser with respect to the due authorization and enforceability of the Master Lease and the Guaranty on the part of Seller and Boston Properties Limited Partnership, it being agreed that Skadden, Arps, Slate, Meagher & Flom LLP or Goodwin & Proctor LLP shall be permitted to issue such opinion.

10.1.26. Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions which are the subject of this Agreement.

10.2. Purchaser's Closing Obligations. Purchaser, at its sole cost and expense, shall deliver or cause to be delivered to Seller at Closing the following:

10.2.1. The Balance of the Purchase Price, after all adjustments are made at the Closing as herein provided, by Federal Reserve wire transfer of immediately available funds.

10.2.2. Purchaser shall duly execute, acknowledge (as appropriate) and deliver:

(i) the Assignment and Assumption of Leases;

(ii) the Assignment and Assumption of Contracts, Permits and Licenses, if applicable;

(iii) the Master Lease;

(iv) the Management and Leasing Services Agreement;

(v) receipt for delivery and acceptance of the Security Deposits;

(vi) an executed copy of the Proration Statement; and

(vii) the Transfer Tax Returns.

10.2.3. Evidence reasonably satisfactory to Seller and the Title Company that the person executing the Closing documents on behalf of Purchaser has full right, power and authority to do so.

10.2.4. A certificate in the form of **Exhibit K** attached hereto, indicating that the representations and warranties of Purchaser set forth in Article VII are true and correct on the Closing Date, or, if there have been changes, describing such changes.

10.2.5. Such other documents as may be reasonably necessary or appropriate to effect the consummation of the transactions which are the subject of this Agreement.

ARTICLE XI.

Risk of Loss

11.1. Casualty.

11.1.1. If all or any part of the Property is damaged by fire or other casualty occurring following the date hereof and prior to the Closing, whether or not such damage affects a material part of the Property, then:

(a) if the estimated cost of repair or restoration is less than or equal to $60,000,000 and if the estimated time to complete such repair or restoration is twelve (12) months or less, neither party shall have the right to terminate this Agreement and the parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of said destruction or damage. In such event, Seller shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds and rental interruption insurance (other than amounts which relate to the period prior to the Closing Date) received under the casualty insurance policies in effect with respect to the Property on account of said physical damage or destruction as shall be necessary to perform repairs to the Improvements and/or to rebuild the Improvements to substantially the same condition as it existed prior to the occurrence of such fire or other casualty and Purchaser shall receive a credit against the cash due at Closing for the amount of the deductible on such casualty insurance policy.

(b) if the estimated cost of repair or restoration exceeds $60,000,000 or if the estimated time to complete such repair or restoration exceeds twelve (12) months, both Purchaser and Seller shall have the option, exercisable within thirty (30) days after receipt of (i) notice of the occurrence of such fire or other casualty and (ii) such factual information regarding the casualty and availability of insurance proceeds as is reasonably sufficient to enable Purchaser or Seller, as the case may be, to make an informed decision about whether or not to proceed to

Closing, time being of the essence, to terminate this Agreement by delivering notice thereof to the other party, whereupon the Deposit (together with any interest accrued thereon) shall be returned to Purchaser and this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except for such provisions which are expressly provided in this Agreement to survive the termination hereof. If a fire or other casualty described in this clause (b) shall occur and neither Purchaser nor Seller shall have timely elected to terminate this Agreement, then Purchaser and Seller shall consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of said destruction or damage, Seller shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds received under the casualty insurance policies in effect with respect to the Property on account of said physical damage or destruction as shall be necessary to perform repairs to the Improvements and/or to rebuild the Improvements to substantially the same condition as it existed prior to the occurrence of such fire or other casualty and Purchaser shall receive a credit from the cash due at Closing for the amount of the deductible on such casualty insurance policy.

11.1.2. The estimated cost to repair and/or restore and the estimated time to complete contemplated in Section 11.1.1 above shall be established by estimates obtained by Seller from independent contractors, having at least 10 years current and active experience in capital construction projects at commercial office buildings located in Manhattan, New York, subject to Purchaser's review and reasonable approval of the same and the provisions of Section 11.1.3 below.

11.1.3. Any disputes under this Article XI as to the cost of repair or restoration or the time for completion of such repair or restoration shall be resolved by expedited arbitration before a single arbitrator acceptable to both Seller and Purchaser in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Purchaser fail to agree on an arbitrator within five days after a dispute arises, then either party may request The Real Estate Board of New York, Inc., to designate an arbitrator. Such arbitrator shall be an independent architect or engineer having at least ten (10) years of current and active experience in capital construction projects at commercial office buildings located in Manhattan, New York. The determination of the arbitrator shall be conclusive and binding upon the parties. The costs and expenses of such arbitrator shall be borne equally by Seller and Purchaser.

11.2. Condemnation.

11.2.1. If, prior to the Closing Date, any part of the Property is taken (other than a temporary taking), or if Seller shall receive an official notice from any governmental authority having eminent domain power over the Property of its intention to take, by eminent domain proceeding, any part of the Property other than as a result of the action disclosed on **Schedule 6.1.7** attached hereto (a "**Taking**"), then:

(a) if such Taking involves two percent (2%) or less of the rentable area of the Improvements as determined by an independent architect chosen by Seller (subject to

Purchaser's review and reasonable approval of such determination and the provisions of Section 11.2.2 below), neither party shall have any right to terminate this Agreement, and the parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that Seller shall, on the Closing Date, (i) assign and remit to Purchaser, and Purchaser shall be entitled to receive and keep, the net proceeds of any award or other proceeds of such Taking which may have been collected by Seller as a result of such Taking less the reasonable expenses incurred by Seller in connection with such Taking, or (ii) if no award or other proceeds shall have been collected, deliver to Purchaser, an assignment of Seller's right to any such award or other proceeds which may be payable to Seller as a result of such Taking and Purchaser shall reimburse Seller for the reasonable expenses incurred by Seller in connection with such Taking.

(b) if such Taking involves more than two percent (2%) of the rentable area of the Property as determined by an independent architect chosen by Seller (subject to Purchaser's review and reasonable approval of such determination and the provisions of Section 11.2.2 below), both Purchaser and Seller shall have the option, exercisable within thirty (30) days after receipt of notice of such Taking and such factual information regarding the Taking and the availability of awards or other proceeds of such Taking as is reasonably sufficient to enable Purchaser or Seller, as the case may be, to make an informed decision about whether or not to proceed to Closing, time being of the essence, to terminate this Agreement by delivering notice thereof to the other party, whereupon the Deposit (together with any interest earned thereon) shall be returned to Purchaser and this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except pursuant to the provisions of this Agreement which are expressly provided to survive the termination hereof. If a Taking described in this clause (b) shall occur and neither Purchaser nor Seller shall have timely elected to terminate this Agreement, then Purchaser and Seller shall consummate this transaction in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that Seller shall, on the Closing Date, (i) assign and remit to Purchaser, and Purchaser shall be entitled to receive and keep, the net proceeds of any award or other proceeds of such Taking which may have been collected by Seller as a result of such Taking less the reasonable expenses incurred by Seller in connection with such Taking, or (ii) if no award or other proceeds shall have been collected, deliver to Purchaser, an assignment of Seller's right to any such award or other proceeds which may be payable to Seller as a result of such Taking and Purchaser shall reimburse Seller for the reasonable expenses incurred by Seller in connection with such Taking.

11.2.2. Any disputes under this Article XI as to whether the Taking involves more than two percent (2%) of the rentable area of the Property shall be resolved by expedited arbitration before a single arbitrator acceptable to both Seller and Purchaser in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Purchaser fall to agree on an arbitrator within five days after a dispute arises, then either party may request The Real Estate Board of New York, Inc. to designate an arbitrator. Such arbitrator shall be an independent architect having at least ten (10) years of experience in the construction of office buildings in Manhattan. The costs and expenses of such arbitrator shall be borne equally by Seller and Purchaser.

11.3. General Obligations Law. The provisions of this Article XI are intended to supersede those of Section 5-1311 of the General Obligations Law of New York.

ARTICLE XII.

Default

12.1. Default by Seller. Except as set forth below, in the event the Closing and the transactions contemplated hereby do not occur as provided herein by reason of the default of Seller, Purchaser may elect, as the sole and exclusive remedy of Purchaser, to (i) terminate this Agreement and receive the Deposit and Interest accrued thereon from the Escrow Agent in accordance with the terms and provisions of Section 3.2 hereof, and in such event Seller shall not have any liability whatsoever to Purchaser hereunder other than with respect to the Surviving Termination Obligations, or (ii) enforce specific performance of this Agreement. Notwithstanding the foregoing, from and after the Closing, nothing contained herein shall limit Purchaser's remedies at law or in equity as to the Surviving Termination Obligations.

12.2. Default by Purchaser. In the event the Closing and the transactions contemplated hereby do not occur on or before the Closing Date as provided herein by reason of any default of Purchaser (including without limitation, Purchaser's failure to comply with the requirements of Section 9.1 hereof), Purchaser and Seller agree it would be impractical and extremely difficult to fix the damages which Seller may suffer. Therefore, Purchaser and Seller hereby agree a reasonable estimate of the total net detriment Seller would suffer in the event Purchaser defaults and fails to complete the purchase of the Property is and shall be, as Seller's sole and exclusive remedy (whether at law or in equity), a sum equal to the Deposit and Interest accrued thereon. Upon such default by Purchaser, Seller shall have the right to receive the Deposit and Interest accrued thereon from the Escrow Agent, in accordance with the terms and provisions of Section 3.2 hereof, as its sole and exclusive remedy and thereupon this Agreement shall be terminated and neither Seller nor Purchaser shall have any further rights or obligations hereunder except with respect to the Surviving Termination Obligations. The amount of the Deposit and Interest accrued thereon shall be the full, agreed and liquidated damages for Purchaser's default and failure to complete the purchase of the Property, all other claims to damages or other remedies being hereby expressly waived by Seller. Notwithstanding the foregoing, from and after the Closing, nothing contained herein shall limit Seller's remedies at law or in equity as to the Surviving Termination Obligations.

ARTICLE XIII.

Brokers

13.1. Brokerage Indemnity.

13.1.1. Seller and Purchaser each represents and warrants to the other that it has not dealt or negotiated with any broker in connection with the sale of the Property as provided by this Agreement other than Morgan Stanley Realty Incorporated (the "**Broker**").

13.1.2. Purchaser shall indemnify, defend and hold harmless Seller, its affiliates, and its and their partners, members, trustees, advisors, officers, and directors, against all losses, damages, costs, expenses (including reasonable fees and expenses of attorneys), causes of action, suits or judgments of any nature arising out of any claim, demand or liability to or asserted by any broker, agent or finder, licensed or otherwise, claiming to have dealt with Purchaser in connection with this transaction other than the Broker.

13.1.3. Seller shall indemnify, defend and hold harmless Purchaser and its affiliates, and its and their partners, members, trustees, advisors, officers and directors, against all losses, damages, costs, expenses (including reasonable fees and expenses of attorneys), causes of action, suits or judgments of any nature arising out of any claim, demand or liability to or asserted (i) by the Broker in connection with this transaction and (ii) by any broker, agent or finder, licensed or otherwise, claiming to have dealt with Seller in connection with this transaction other than the Broker.

13.1.4. Seller shall pay the Broker in connection with the consummation of the transactions contemplated by this Agreement pursuant to a separate agreement between Seller and Broker. The provisions of this Article XIII shall survive the Closing and/or termination of this Agreement.

ARTICLE XIV.

Publication

14.1. Publication. Purchaser and Seller acknowledge that upon execution of this Agreement and at Closing, the parties shall issue a press release in form and substance reasonably agreed to by the parties hereto. In addition, Purchaser and Seller shall consult with each other prior to making any public statements with respect to this Agreement and the transactions contemplated hereby and, except as otherwise may be required by law or as otherwise set forth in this Section 14.1, Purchaser and Seller shall not make any public statements, including, without limitation, any press releases, with respect to this Agreement and the transactions contemplated hereby, without the prior written consent of the other party, which consent shall not be unreasonably withheld.

ARTICLE XV.

Employee Matters

15.1. Employees. BPLP (or a wholly owned subsidiary thereof) (the "**Manager**") shall continue to employ the Employees set forth on **Schedule 6.1.10** under their then current employment contracts or agreements, including any collective bargaining agreements in

connection with the performance by Manager of its duties under the Management and Leasing Services Agreement; provided, however, that Manager shall have the right to terminate any such Employees in the ordinary course of business.

ARTICLE XVI.

Miscellaneous

16.1. Notices. Any and all notices, requests, demands or other communications hereunder shall be given in writing and by hand delivery with receipt therefor, by facsimile delivery (with confirmation by hard copy), by overnight courier, or by registered or certified mail, return receipt requested, first class postage prepaid addressed as follows (or to such new address as the addressee of such a communication may have notified the sender thereof). Any notice required or permitted to be given hereunder shall be deemed given and effective upon receipt thereof by the recipient thereto:

To Seller:	BP 280 Park Avenue LLC c/o Boston Properties, Inc. 111 Huntington Avenue, Suite 300 Boston, Massachusetts 02199-7610 Attn: Douglas Linde Fax No.: (617)
With a copy to:	Boston Properties Limited Partnership 599 Lexington Avenue New York, New York 10022 Attn: Matthew Mayer, Esq. Fax No.: (212) 326-4050
With a copy to:	Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square New York, New York 10036 Attn: Benjamin F. Needell, Esq. Fax No.: (212) 735-2000
To Purchaser:	Istithmar Building FZE c/o Cleary Gottlieb Steen & Hamilton LLP One Liberty Plaza New York, New York 10006 Attn: Steve L. Wilner Fax No.: (212) 225-3999

For Service of Process to Purchaser:

c/o Corporation Services Company
1133 Avenue of the Americas, Suite 3100
New York, New York 10036

To Escrow Agent: Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attn: Benjamin F. Needell, Esq.
Fax No.: (212) 735-2000

Purchaser's counsel may give any notices or other communications hereunder on behalf of Purchaser and Seller's counsel may give any notices or other communications hereunder on behalf of Seller.

16.2. Governing Law; Venue.

16.2.1. This Agreement was negotiated in the State of New York and was executed and delivered by Seller and Purchaser in the State of New York, which State the parties agree has a substantial relationship to the parties and to the underlying transactions embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity, enforcement and performance, this Agreement and the obligations arising hereunder shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and performed wholly within such State, without giving effect to the principles of conflicts of law of such jurisdiction. To the fullest extent permitted by law, the parties hereby unconditionally and irrevocably waive and release any claim that the law of any other jurisdiction governs this Agreement and this Agreement shall be governed and construed in accordance with the laws of the State of New York as aforesaid pursuant to Section 5-1401 of the New York General Obligations Law.

16.2.2. To the maximum extent permitted by applicable law, any legal suit, action or proceeding against any of the parties hereto arising out of or relating to this Agreement shall be instituted in any federal or state court in New York, New York, pursuant to Section 5-1402 of the New York General Obligations Law, and each party hereby irrevocably submits to the exclusive jurisdiction of any such court in any such suit, action or proceeding. Each party hereby agrees to venue in such courts and hereby waives, to the fullest extent permitted by law, any claim that any such action or proceeding was brought in an inconvenient forum.

16.3. Headings. The captions and headings herein are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

16.4. Business Days. If any date herein set forth for the performance of any obligations of Seller or Purchaser or for the delivery of any instrument or notice as herein provided should be on a Saturday, Sunday or legal holiday, the compliance with such obligations

or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or legal holiday. As used herein, the term "**legal holiday**" means any state or Federal holiday for which financial institutions or post offices are generally closed in the State of New York.

16.5. Counterpart Copies. This Agreement may be executed in two or more counterpart copies, all of which counterparts shall have the same force and effect as if all parties hereto had executed a single copy of this Agreement.

16.6. Binding Effect. This Agreement shall not become a binding obligation upon Seller or Purchaser unless and until the same has been fully executed by Purchaser and Seller and a fully executed counterpart has been delivered by Seller to Purchaser

16.7. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

16.8. Assignment. This Agreement may not be assigned by Purchaser except to an affiliated entity under common control with Purchaser or a direct or indirect wholly-owned subsidiary or subsidiaries of Purchaser and any lending institution providing financing to Purchaser for the acquisition of the Property (any such entity, a "**Permitted Assignee**") and any other assignment or attempted assignment by Purchaser shall constitute a default by Purchaser hereunder and shall be deemed null and void and of no force or effect. A transfer of 50% of more the beneficial ownership interests of Purchaser shall constitute an assignment of this Agreement. A copy of any assignment permitted hereunder, together with an agreement of the assignee assuming all of the terms and conditions of this Agreement to be performed by Purchaser, in form reasonably satisfactory to counsel for Seller, shall be delivered to the attorneys for Seller prior to the Closing, and in any event no such assignment shall relieve Purchaser from Purchaser's obligations under this Agreement nor result in a delay in the Closing. In the event that Purchaser assigns this Agreement to a Permitted Assignee, all representations and warranties and covenants and obligations of Purchaser hereunder shall apply with equal force to such Permitted Assignee.

16.9. Interpretation. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Seller and Purchaser have contributed substantially and materially to the preparation of this Agreement.

16.10. Entire Agreement. This Agreement and the Exhibits and Schedules attached hereto contain the final and entire agreement between the parties hereto with respect to the sale and purchase of the Property and are intended to be an integration of all prior negotiations and understandings. Purchaser, Seller and their respective agents shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained herein. No change or modifications to this Agreement shall be valid unless the same is in writing and signed by the parties hereto. Each party reserves the right to waive any of the terms or conditions of this Agreement which are for their respective benefit and to consummate the transactions contemplated by this Agreement in accordance with the terms and conditions of this Agreement which have not been so waived. Any such waiver must be in writing signed by the party for whose benefit the provision is being waived.

16.11. Severability. If any one or more of the provisions hereof shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless and to the extent that the invalidation of any such term or provision materially alters the intent of the parties hereto.

16.12. Survival. Except for those provisions of this Agreement which expressly provide that any obligation, representation, warranty or covenant contained therein shall survive the Closing or the termination of this Agreement (collectively, the "**Surviving Termination Obligations**"), the provisions of this Agreement and the representations and warranties herein shall not survive after the conveyance of title and payment of the Balance of the Purchase Price but be merged therein.

16.13. Exhibits. Each of the Exhibits and Schedules attached hereto are incorporated herein by reference.

16.14. Limitation of Liability. The obligations of Seller and Purchaser are intended to be binding only on Seller and Purchaser and each of such party's assets (including, with respect to Purchaser, the Deposit), and shall not be personally binding upon, nor shall any resort be had to, any of the members, partners, officers, directors, shareholders, advisors, trustees, agents, or employees of Seller or Purchaser, or any of their respective affiliates or any of their respective properties.

16.15. Prevailing Party. Should either party employ an attorney to enforce any of the provisions hereof (whether before or after Closing, and including any claims or actions involving amounts held in escrow, if any), the nonprevailing party in any final judgment agrees to pay the other party's reasonable attorneys' fees and expenses in or out of litigation and, if in litigation, trial, appellate, bankruptcy or other proceedings, expended or incurred in connection therewith, as determined by a court of competent jurisdiction. The provisions of this Section 16.15 shall survive Closing and/or any termination of this Agreement.

16.16. Real Estate Reporting Person. Escrow Agent is hereby designated the "real estate reporting person" for purposes of Section 6045 of the Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation. Seller and Purchaser shall promptly furnish their federal tax identification numbers to Escrow Agent and shall otherwise reasonably cooperate with Escrow Agent in connection with Escrow Agent's duties as real estate reporting person.

16.17. No Recording. Neither this Agreement nor any memorandum or short form hereof shall be recorded or filed in any public land or other public records of any jurisdiction, by either party and any attempt to do so may be treated by the other party as a breach of this Agreement.

16.18. **No Other Parties**. This Agreement is not intended, nor shall it be construed, to confer upon any person or entity, except the parties hereto and their respective heirs, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

16.19. **Waiver of Trial by Jury**. The respective parties hereto shall and hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement, or for the enforcement of any remedy under any statute, emergency or otherwise.

16.20. **Cooperation**. Seller shall have the right to structure the sale of the Property as a forward or reverse exchange thereof for other real property of a like-kind to be designated by Seller (including the ability to assign this Agreement to an entity established in order to effectuate such exchange), with the result that the exchange shall qualify for non-recognition of gain or loss under Section 1031 of the Internal Revenue Code of 1986, as amended, in which case Purchaser shall execute any and all documents reasonably necessary to effect such exchange, as reasonably approved by Purchaser's counsel, and otherwise assist and cooperate with Seller in effecting such exchange, provided that: (i) any costs and expenses incurred by Purchaser as a result of structuring such transaction as an exchange, as opposed to an outright sale, shall be borne by Seller; (ii) Seller shall indemnify and hold harmless Purchaser from and against any and all liabilities, costs, damages, claims or demands arising from the cooperation of Purchaser in effecting the exchange contemplated hereby; and (iii) such exchange shall not result in any delay in closing the transaction without Purchaser's prior written consent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

SELLER:

BP 280 PARK AVENUE LLC

By: BP 280 Park Avenue Mezzanine LLC
its sole member

By: Boston Properties Limited Partnership, a Delaware limited partnership

By: Boston Properties, Inc.,
its general partner

By: /s/ Douglas T. Linde
Name: Douglas T. Linde
Title: Executive Vice President,
Chief Financial Officer

PURCHASER:

ISTITHMAR BUILDING FZE

By: /s/ Peter Jodlowski
Name: Peter Jodlowski
Title: Director of Istithmar Building FZE

The Escrow Agent hereby executes this Agreement for the sole purpose of acknowledging receipt of the Deposit and its responsibilities hereunder and to evidence its consent to serve as Escrow Agent in accordance with the terms of this Agreement.

ESCROW AGENT:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

By: /s/ Marco P. Caffuzzi
Name: Marco P. Caffuzzi
Title: Partner

EXHIBIT A

LAND

PERIMETER DESCRIPTION:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of New York, County of New York, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of 48th Street with the westerly line of Park Avenue;

RUNNING THENCE Northerly along the westerly line of Park Avenue, 200 feet 10 inches to the southerly line of 49th Street;

THENCE Westerly along the southerly line of 49th Street, 314 feet 0 inches;

THENCE Southerly parallel to the westerly line of Park Avenue, 100 feet 5 inches to the center line of the block;

THENCE Easterly along the center line of the block parallel to the southerly line of 49th Street, 30 feet 8 inches;

THENCE Southerly parallel to the westerly line of Park Avenue, 100 feet 5 inches to the northerly line of 48th Street;

THENCE Easterly along the northerly line of 48th Street, 283 feet 4 inches to the point or place of BEGINNING.

TOGETHER With the easement estate and all rights appurtenant to and benefiting the insured premises as more particularly set forth in those certain agreements recorded in Liber 4452 Page 134 and Reel 479 Page 1744.

TOGETHER with the easement estate and all rights appurtenant to and benefiting the insured premises as more particularly set forth in that certain Irrevocable License Agreement recorded in Reel 512 Page 1116.

EXCEPTING AND RESERVING THEREFROM all that portion thereof lying below the horizontal plane drawn at 53.08 feet elevation above the datum plane which take for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street, Borough of Manhattan on June 1, 1905 and intersecting the easterly, westerly, northerly and southerly boundaries of Parcels 1, 2 and 3 only. Said Exception and Reservation expressly does not include however, any portion of the building located within the “retained space” and those

improvements described as the “existing support facilities” and the existing utility facilities” all as defined in that certain indenture recorded in Reel 479 Page 1744 and which portion of the building and the facilities constitute a portion of the insured premises.

The Parcels comprising the perimeter description are described as Parcels 1, 2, 3 and 4 as set forth herein for information purposes only, form one contiguous parcel of land.

AS TO PARCEL 1:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of New York, County of New York, City and State of New York, bounded and described as follows:

BEGINNING at a point in the southerly line of 49th Street, distant 124 feet 4 inches westerly measured along the southerly line of 49th Street from the westerly line of Park Avenue; and

RUNNING THENCE southerly parallel with the westerly line of Park Avenue 62 feet 1 inch:

THENCE easterly parallel to the southerly line of 49th Street 1 foot 8 inches;

THENCE southerly parallel to the westerly line of Park Avenue 29 feet-1/8 inches;

THENCE easterly parallel to the southerly line of 49th Street 4 feet 1/2 inch;

THENCE southerly parallel to the westerly line of Park Avenue 18 feet 3-3/4 inches;

THENCE westerly parallel to the southerly line of 49th Street 4 feet 1/2 inch;

THENCE southerly parallel to the westerly line of Park Avenue 29 feet 2-1/8 inches;

THENCE westerly parallel to the southerly line of 49th Street 1 foot 8 inches;

THENCE southerly parallel to the westerly line of Park Avenue 62 feet 1 inch to the northerly lien of 48th Street;

THENCE westerly along the northerly line of 48th Street 10 feet;

THENCE northerly parallel with the westerly line of Park Avenue 100 feet 5 inches to the center line of the block between 48th Street and 49th Street;

THENCE westerly along the center line of the block between 48th Street and 49th Street 40 feet;

THENCE northerly and again parallel with the westerly line of Park Avenue 100 feet 5 inches to the southerly line of 49th Street; and

THENCE easterly along the southerly line of 49th Street 50 feet to the point or place of BEGINNING.

EXCEPTING AND RESERVING THEREFROM all that portion thereof lying below the horizontal plane drawn at 53.08 feet elevation above the datum plane which takes for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street, Borough of Manhattan on June 1, 1905.

AS TO PARCEL 2:

BEGINNING at a point In the northerly line of 48th Street, distant 134 feet 4 inches westerly measured along the northerly line of 48th Street from the westerly line of Park Avenue; and

RUNNING THENCE northerly parallel with the westerly line of Park Avenue 100 feet 5 inches to the center line of the block between 48th Street and 49th Street;

THENCE westerly along the center line of the block and parallel with the northerly line of 48th Street 40 feet;

THENCE northerly again parallel with the westerly line of Park Avenue 100 feet 5 inches to the southerly line of 49th Street;

THENCE westerly along the southerly line of 49th Street 10 feet;

THENCE southerly and again parallel with the westerly line of Park Avenue 200 feet 10 inches to the northerly line of 48th Street; and

THENCE easterly along the northerly line of 48th Street 50 feet to the point or place of BEGINNING.

EXCEPTING AND RESERVING THEREFROM all the portion thereof lying below the horizontal plane drawn at 53.08 feet elevation above the datum plane which takes for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street, Borough of Manhattan on June 1, 1905.

AS TO PARCEL 3:

BEGINNING at a point in the southerly line of 49th Street, distant 184 feet 3 inches westerly measured along the southerly line of 49th Street from the westerly line of Park Avenue; and

RUNNING THENCE southerly parallel with the westerly line of Park Avenue 200 feet 10 inches to the northerly line of 48th Street:

THENCE westerly along the northerly line of 48th Street 99 feet;

THENCE northerly parallel with the westerly line of Park Avenue 100 feet 5 inches to the center line of the block between 48th street and 49th Street.

THENCE westerly along the center line of the block between 48th Street and 49th Street 30 feet 8 inches;

THENCE northerly and again parallel with the westerly line of Park Avenue 100 feet 5 inches to the southerly line of 49th Street; and

THENCE easterly along the southerly line of 49th Street 129 feet 8 inches to the point or place of BEGINNING.

EXCEPTING AND RESERVING THEREFROM all the portion thereof lying below the horizontal plane drawn at 53.08 feet elevation above the datum plane which takes for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street, Borough of Manhattan on June 1, 1905.

AS TO PARCEL 4:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of New York, County of New York, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of 48th Street with the westerly line of Park Avenue; and

RUNNlNG THENCE northerly along the westerly line of Park Avenue 200 feet 10 inches to the southerly line of 49th Street:

THENCE westerly along the southerly line of 49th Street 124 feet 4 inches: and

THENCE southerly parallel to the westerly line of Park Avenue 62 feet 1 inch;

THENCE easterly parallel to the southerly line of 49th Street 1 foot 8 inches;

THENCE southerly parallel to the westerly line of Park Avenue 29 feet 2-1/8 inches;

THENCE easterly, parallel to the southerly line of 49th Street 4 feet 1/2 inch;

THENCE southerly parallel to the westerly line of Park Avenue 18 feet 3-3/4 inches;

THENCE westerly parallel to the southerly line of 49th Street 4 feet 1/2 inch;

THENCE southerly parallel to the westerly line of Park Avenue 29 feet 2-1/8 inches;

THENCE westerly parallel to the southerly line of 49th Street 1 foot 8 inches:

THENCE southerly parallel to the westerly line of Park Avenue 62 feet 1 inch to the northerly line of 48th Street;

THENCE easterly along the northerly line of 48th Street 124 feet 4 inches to the point or place of BEGINNING.

EXCEPTING AND RESERVING THEREFROM all the portion thereof lying below the horizontal plane drawn at 53.08 feet elevation above the datum plane which takes for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street, Borough of Manhattan on June 1, 1905.

EXHIBIT 12.1

BOSTON PROPERTIES, INC.

CALCULATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DISTRIBUTIONS

Boston Properties, Inc.'s ratios of earnings to combined fixed charges and preferred distributions for three months ended March 31, 2006 and the five years ended December 31, 2005 were as follows:

	Three Months Ended March 31, 2006	Year Ended December 31,				
		2005	2004	2003	2002	2001
		(dollars in thousands)				
Earnings:						
Add:						
Income before minority interests in property partnerships, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains on sales of real estate and other assets, discontinued operations, cumulative effect of a change in accounting principle and preferred dividend	$ 75,240	$ 304,324	$ 304,864	$ 288,475	$ 263,625	$ 231,056
Gains on sales of real estate and other assets	6,473	182,542	9,822	70,244	232,304	11,238
Amortization of interest capitalized	841	3,298	2,845	2,640	2,526	950
Distributions from unconsolidated joint ventures	720	7,179	6,663	8,412	8,692	2,735
Combined fixed charges and preferred distributions (see below)	80,023	340,589	334,082	342,244	316,835	306,709
Subtract:						
Interest capitalized	(1,692)	(5,718)	(10,849)	(19,200)	(22,510)	(59,292)
Preferred distributions	(3,514)	(26,780)	(17,063)	(23,608)	(31,258)	(36,026)
Total earnings	$ 158,091	$ 805,434	$ 630,364	$ 669,207	$ 770,214	$ 457,370
Combined fixed charges and preferred distributions:						
Interest expensed	$ 74,817	$ 308,091	$ 306,170	$ 299,436	$ 263,067	$ 211,391
Interest capitalized	1,692	5,718	10,849	19,200	22,510	59,292
Preferred distributions	3,514	26,780	17,063	23,608	31,258	36,026
Total combined fixed charges and preferred distributions	$ 80,023	$ 340,589	$ 334,082	$ 342,244	$ 316,835	$ 306,709
Ratio of earnings to combined fixed charges and preferred distributions	1.98	2.36	1.89	1.96	2.43	1.49

The ratio of earnings to combined fixed charges and preferred distributions was computed by dividing earnings by combined fixed charges and preferred distributions. Earnings consist of income before minority interests in property partnerships, income from unconsolidated joint ventures, minority interest in Operating Partnership, discontinued operations, cumulative effect of a change in accounting principle and preferred dividend, plus amortization of interest capitalized, distributions from unconsolidated joint ventures, and combined fixed charges and preferred distributions, minus interest capitalized and preferred distributions. Combined fixed charges and preferred distributions consist of interest expensed, which includes credit enhancement fees and amortization of loan costs, interest capitalized, and preferred distributions.

EXHIBIT 31.1

BOSTON PROPERTIES, INC.

CERTIFICATION

I, Edward H. Linde, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boston Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2006

/S/ EDWARD H. LINDE

Edward H. Linde
Chief Executive Officer

EXHIBIT 31.2

BOSTON PROPERTIES, INC.

CERTIFICATION

I, Douglas T. Linde, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boston Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2006

/S/ DOUGLAS T. LINDE

Douglas T. Linde
Chief Financial Officer

EXHIBIT 32.1

BOSTON PROPERTIES, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Boston Properties, Inc. (the "Company") hereby certifies to my knowledge that the Company's quarterly report on Form 10-Q for the period ended March 31, 2006 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: May 10, 2006

/S/ EDWARD H. LINDE

Edward H. Linde
Chief Executive Officer

EXHIBIT **32.2**

BOSTON PROPERTIES, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Boston Properties, Inc. (the "Company") hereby certifies to my knowledge that the Company's quarterly report on Form 10-Q for the period ended March 31, 2006 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 regardless of any general incorporation language in such filing.

Date: May 10, 2006

/S/ DOUGLAS T. LINDE

Douglas T. Linde
Chief Financial Officer