

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 23, 1997

BOSTON PROPERTIES, INC.
(Exact name of Registrant as specified in its Charter)

Delaware
(State of Incorporation)

1-13087
(Commission File Number)

04-2473675
(IRS Employer Id. Number)

8 Arlington Street
Boston, Massachusetts
(Address of principal executive offices)

02116
(Zip Code)

(617) 859-2600
(Registrant's telephone number, including area code)

Item 5 Other Events

(a) On November 21, 1997, the Company, through the Operating Partnership, entered into an agreement to acquire Riverfront Plaza, an approximately 900,000 net rentable square foot class A office building in Richmond, Virginia, for a total investment of approximately \$174.4 million. The Company expects to consummate its acquisition of Riverfront Plaza in January 1998. There can be no assurances, however, that the Company will acquire Riverfront Plaza in January 1998, or at all.

(b) On December 4, 1997, the Company filed a Registration Statement on Form S-11 relating to a proposed public offering of 14,000,000 shares of the Company's common stock, par value \$.01 per share (not including an additional 2,100,000 shares of Common Stock subject to the underwriters' overallotment option).

Item 7 Financial Statements and Exhibits

The following financial statements are being filed in connection with the acquisition of 100 East Pratt Street, Baltimore, Maryland, which closed on October 23, 1997; the proposed acquisition of Riverfront Plaza, as described above; and the proposed public offering of common stock, as described above.

(a) Financial Statements under Rule 3-14 of Regulation S-X.

Statement of Revenue Over Certain Operating Expenses of 100 East Pratt Street for the year ended December 31, 1996 and (unaudited) for the nine months ended September 30, 1997.

Statement of Revenue Over Certain Operating Expenses of Riverfront Plaza for the year ended December 31, 1996 and (unaudited) for the nine months ended September 30, 1997.

(b) Pro Forma Financial Statements

Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1997 (unaudited)

Pro Forma Condensed Consolidated Statement of Operations for the nine months ended September 30, 1997 (unaudited) and the year ended December 31, 1996 (unaudited)

(c) Exhibits

23.1 Consent of Coopers & Lybrand, L.L.P., Independent Accountants

BOSTON PROPERTIES, INC.
SIGNATURE

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.

/s/ David G. Gaw

David G. Gaw
Senior Vice President and
Chief Financial Officer

Date: December 4, 1997

100 EAST PRATT STREET

STATEMENT OF REVENUE OVER
CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1996

F-1

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Boston Properties, Inc.:

We have audited the accompanying statement of revenue over certain operating expenses of 100 East Pratt Street in Baltimore, Maryland (the "Property") for the year ended December 31, 1996. This statement is the responsibility of the Property's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue over certain operating expenses was prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission, and excludes certain expenses described in Note 2, and therefore is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue over certain operating expenses (as described in Note 2) of 100 East Pratt Street for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.

Boston, Massachusetts
November 3, 1997

100 EAST PRATT STREET
STATEMENT OF REVENUE
OVER CERTAIN OPERATING EXPENSES

(DOLLARS IN THOUSANDS)

| | FOR THE YEAR ENDED DECEMBER 31, 1996 | FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 |
|---|---|---|
| | ----- (UNAUDITED) ----- | |
| Revenue: | | |
| Base rent..... | \$11,826 | \$ 9,218 |
| Recoveries from tenants..... | 2,966 | 2,133 |
| Garage--net..... | 2,220 | 1,706 |
| Other income..... | 353 | 267 |
| | ----- | ----- |
| | 17,365 | 13,324 |
| | ----- | ----- |
| Certain operating expenses: | | |
| Utilities..... | 1,661 | 1,406 |
| Janitorial and cleaning..... | 637 | 504 |
| Security..... | 315 | 255 |
| General and administrative..... | 566 | 424 |
| Repairs and maintenance..... | 1,084 | 811 |
| Insurance..... | 70 | 53 |
| Real estate taxes..... | 2,054 | 1,541 |
| | ----- | ----- |
| | 6,387 | 4,994 |
| | ----- | ----- |
| Excess of revenue over certain operating expenses..... | \$10,978 | \$ 8,330 |
| | ===== | ===== |

The accompanying notes are an integral part of the statement.

100 EAST PRATT STREET
 NOTES TO STATEMENT OF REVENUE
 OVER CERTAIN OPERATING EXPENSES

(DOLLARS IN THOUSANDS)

1. DESCRIPTION OF THE PROPERTY

The accompanying statement of revenue over certain operating expenses (the "Statement") includes the operations of 100 East Pratt Street, an approximately 633,000 square foot office building located on the inner harbor in downtown Baltimore, Maryland. The Property was acquired on October 23, 1997 from an unrelated third party.

2. BASIS OF ACCOUNTING

The accompanying statement of revenue over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission for real estate properties acquired or to be acquired. Accordingly, this statement excludes certain historical income and expenses not comparable to the operations of the property after acquisition, such as interest income, depreciation, amortization, and interest expense.

3. SIGNIFICANT ACCOUNTING POLICIES

Rental Revenue

Rental income is recognized on the straight-line method over the terms of the related leases. The excess of recognized rentals over amounts due pursuant to lease terms is recorded as accrued rent. The impact of the straight-line rent adjustment increases revenue by approximately \$361 and decreases revenue by approximately \$318 for the year ended December 31, 1996 and for the nine months ended September 30, 1997 (unaudited), respectively.

Unaudited Interim Information

The combined statement revenue over certain operating expenses for the nine months ended September 30, 1997 is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such statement have been included. The results of operations for the period are not necessarily indicative of the Property's future results of operations.

Risks and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. DESCRIPTION OF LEASING ARRANGEMENTS

The commercial and office space is leased to tenants under leases with terms that vary in length. Certain of the leases contain real estate tax reimbursement clauses, operating expense reimbursement clauses and renewal options. Minimum lease payments to be received during the next five years for noncancelable operating leases in effect at December 31, 1996 are approximately as follows:

| YEAR ENDING DECEMBER 31, ----- | (IN THOUSANDS) ----- |
|--------------------------------------|-------------------------|
| 1997..... | \$12,294 |
| 1998..... | 11,727 |
| 1999..... | 11,435 |
| 2000..... | 11,185 |
| 2001..... | 10,656 |
| Thereafter..... | 39,516 |

As of December 31, 1996, two tenants occupied approximately 42% of the leasable square feet and represented approximately 48% of total 1996 Base Rent.

RIVERFRONT PLAZA

STATEMENT OF REVENUE OVER
CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1996

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Boston Properties, Inc.:

We have audited the accompanying statement of revenue over certain operating expenses of Riverfront Plaza in Richmond, Virginia (the "Property") for the year ended December 31, 1996. This statement is the responsibility of the Property's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue over certain operating expenses was prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission, and excludes certain expenses described in Note 2, and therefore is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue over certain operating expenses (as described in Note 2) of Riverfront Plaza for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.

Boston, Massachusetts
November 25, 1997

RIVERFRONT PLAZA
STATEMENT OF REVENUE
OVER CERTAIN OPERATING EXPENSES

(DOLLARS IN THOUSANDS)

FOR THE YEAR ENDED FOR THE NINE MONTHS ENDED
DECEMBER 31, 1996 SEPTEMBER 30, 1997

(UNAUDITED)

| | | |
|---|----------|----------|
| Revenue: | | |
| Base rent..... | \$13,723 | \$11,263 |
| Recoveries from tenants..... | 2,976 | 2,017 |
| Garage--net..... | 2,175 | 1,760 |
| Other income..... | 436 | 382 |
| | ----- | ----- |
| | 19,310 | 15,422 |
| | ----- | ----- |
| Certain operating expenses (Note 2) | | |
| Utilities..... | 1,578 | 1,118 |
| Janitorial and cleaning..... | 741 | 541 |
| Security..... | 339 | 270 |
| General and administrative..... | 360 | 245 |
| Repairs and maintenance..... | 683 | 470 |
| Insurance..... | 164 | 117 |
| Real estate taxes..... | 1,638 | 1,219 |
| | ----- | ----- |
| | 5,503 | 3,980 |
| | ----- | ----- |
| Excess of revenue over certain operating expenses..... | \$13,807 | \$11,442 |
| | ===== | ===== |

The accompanying notes are an integral part of the statement.

RIVERFRONT PLAZA
 NOTES TO STATEMENT OF REVENUE
 OVER CERTAIN OPERATING EXPENSES

(DOLLARS IN THOUSANDS)

1. DESCRIPTION OF THE PROPERTY

The accompanying statement of revenue over certain operating expenses (the "Statement") includes the operations of an approximately 899,720 square foot office building located in Richmond, Virginia. The Property will be acquired by Boston Properties, Inc. from an unrelated third party.

2. BASIS OF ACCOUNTING

The accompanying Statement has been prepared on the accrual basis of accounting. The Statement has been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission for real estate properties acquired or to be acquired. Accordingly, this statement excludes certain historical expenses not comparable to the operations of the Property after acquisition such as amortization, depreciation, property management fees, certain bad debts, corporate expenses and certain other costs not directly related to the future operations of the Property.

3. SIGNIFICANT ACCOUNTING POLICIES

Rental Revenue

Rental income is recognized on the straight-line method over the terms of the related leases. The excess of recognized rentals over amounts due pursuant to lease terms is recorded as accrued rent. The impact of the straight-line rent adjustment increased revenue by approximately \$621 and \$143 for the year ended December 31, 1996, and the nine months ended September 30, 1997 (unaudited), respectively.

Unaudited Interim Information

The statement of revenue over certain operating expenses for the nine months ended September 30, 1997 is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such statement have been included. The results of operations for the period are not necessarily indicative of the Property's future results of operations.

Risks and Uncertainties

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. DESCRIPTION OF LEASING ARRANGEMENTS

The commercial and office space is leased to tenants under leases with terms that vary in length. Certain leases contain real estate tax reimbursement clauses, operating expense reimbursement clauses and renewal options. Minimum lease payments to be received during the next five years for noncancelable operating leases in effect at December 31, 1996 are approximately as follows:

| | YEAR ENDING DECEMBER 31, ----- (IN THOUSANDS) |
|-----------------|--|
| 1997..... | \$13,615 |
| 1998..... | 13,870 |
| 1999..... | 13,148 |
| 2000..... | 12,427 |
| 2001..... | 10,574 |
| Thereafter..... | 39,718 |

As of December 31, 1996, two tenants occupied approximately 55% of the leasable square feet and represented 56% of total 1996 Base Rent.

BOSTON PROPERTIES, INC.

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1997
(UNAUDITED)

The following unaudited Pro Forma Condensed Consolidated Balance Sheet of Boston Properties, Inc. (the "Company") is presented as if the following transactions had been consummated on September 30, 1997; (i) properties acquired or to be acquired subsequent to September 30, 1997 (the "1997 Acquired Properties" and "Pending Acquisition", collectively the "Acquisition Properties"), and (ii) the completion of the offering as described hereafter (the "Offering"). This Pro Forma Condensed Consolidated Balance Sheet should be read in conjunction with the Pro Forma Condensed Consolidated Statement of Income of the Company for the nine months ended September 30, 1997 and the year ended December 31, 1996 and the historical consolidated and combined financial statements and notes thereto of the Company and the Boston Properties Predecessor Group (the "Predecessor Group") included elsewhere in this Prospectus. In management's opinion, all adjustments necessary to reflect the above transactions have been made.

The following Pro Forma Condensed Consolidated Balance Sheet is not necessarily indicative of what the actual financial position would have been assuming the above transactions had been consummated at September 30, 1997, nor does it purport to represent the future financial position of the Company.

The Offering

The Company has filed a registration statement on Form S-11 with the Securities and Exchange Commission with respect to the Offering of approximately 14.0 million common shares at an estimated offering price of \$33.25 (excluding 2.1 million common shares that may be issued upon exercise of the underwriters' overallotment option).

The Properties

The Company will own a portfolio of 83 commercial real estate properties (the "Properties") aggregating approximately 16.4 million square feet, 72% of which was developed or substantially redeveloped by the Company. The properties consist of 70 office properties with approximately 11.8 million net rentable square feet (including five office properties under development containing approximately 1.0 million net rentable square feet) and approximately 2.5 million additional square feet of structured parking for 6,913 vehicles, nine industrial properties with approximately 925,000 net rentable square feet, three hotels with a total of 1,054 rooms (consisting of approximately 940,000 square feet) (including one hotel currently under development), and a parking garage with 1,170 spaces (consisting of approximately 330,000 square feet). In addition, the Company will own, have under contract or have an option to acquire six parcels of land totaling 39.0 acres, which will support approximately 629,000 square feet of development.

Acquisitions included in pro forma:

| Property Name | Location | Rentable Sq. Ft. | Date of Acquisition |
|-----------------------|---------------|------------------|---------------------|
| Newport Office Park | Quincy, MA | 168,829 | 6/23/97 |
| 280 Park Avenue | New York, NY | 1,198,769 | 9/11/97 |
| 100 East Pratt Street | Baltimore, MD | 633,482 | 10/23/97 |
| 875 Third Avenue | New York, NY | 691,088 | 11/21/97 |
| Riverfront Plaza | Richmond, VA | 899,720 | Pending |

Purchase Price (dollars in thousands)

| Property Name | Cash | Debt | OP Units | Common Stock | Total |
|-----------------------|---------|---------|-----------|--------------|---------|
| Newport Office Park | -- | 21,700 | -- | -- | 21,700 |
| 280 Park Avenue | 102,650 | 220,000 | -- | -- | 322,650 |
| 100 East Pratt Street | 137,500 | -- | -- | 16 | 137,516 |
| 875 Third Avenue | 1,500 | 180,000 | 28,000(1) | -- | 209,500 |
| Riverfront Plaza | 52,561 | 121,800 | -- | -- | 174,361 |

(1) The Company issued Operating Partnership Units in the amount of 890,869 for 875 Third Avenue (valued at \$31.43 per OP unit).

BOSTON PROPERTIES, INC.

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1997
(UNAUDITED)
(DOLLARS IN THOUSANDS)

| | BOSTON PROPERTIES, INC. | PRO FORMA ADJUSTMENTS | | | PRO FORMA |
|--|-------------------------------|---------------------------|-----------------|----------------------|-------------|
| | | ACQUISITION PROPERTIES | OFFERING (A) | OTHER ADJUSTMENTS | |
| ASSETS | | | | | |
| Real estate and equipment..... | \$1,433,376 | \$521,377(B) | -- | -- | \$1,954,753 |
| Less: accumulated depreciation..... | (285,505) | -- | -- | -- | (285,505) |
| Total real estate and equipment..... | 1,147,871 | 521,377 | -- | -- | 1,669,248 |
| Cash | 25,989 | (56,919)(C) | \$441,061 | \$(208,500)(C) | 201,631 |
| Escrows..... | 10,673 | 2,631(D) | -- | -- | 13,304 |
| Tenant and other receivables..... | 13,170 | 227(E) | -- | -- | 13,397 |
| Accrued rental income... | 50,377 | -- | -- | -- | 50,377 |
| Deferred charges..... | 34,707 | -- | -- | -- | 34,707 |
| Prepaid expenses and other assets..... | 8,933 | -- | -- | -- | 8,933 |
| Investment in Joint Venture..... | 3,918 | -- | -- | -- | 3,918 |
| Total assets..... | \$1,295,638 | \$467,316 | \$441,061 | \$(208,500) | \$1,995,515 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Liabilities: | | | | | |
| Mortgage notes payable..... | \$ 914,614 | \$301,800(F) | -- | -- | \$1,216,414 |
| Unsecured Line of Credit..... | 71,000 | 137,500(F) | -- | \$(208,500)(F) | -- |
| Accounts payable and accrued expenses..... | 16,073 | -- | -- | -- | 16,073 |
| Accrued interest payable..... | 3,639 | -- | -- | -- | 3,639 |
| Rent received in advance, security deposits and other liabilities..... | 13,663 | -- | -- | -- | 13,663 |
| Total liabilities..... | 1,018,989 | 439,300 | -- | (208,500) | 1,249,789 |
| Minority interest in Operating Partnership.. | 81,168 | 28,000(B) | -- | -- | 109,168 |
| Stockholders' equity: | | | | | |
| Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued or outstanding..... | -- | -- | -- | -- | -- |
| Common stock, \$.01 par value, 250,000,000 shares authorized, 38,693,541 issued and outstanding (historical) and 52,694,041 shares issued and outstanding (pro forma)..... | 387 | -- | \$ 140 | -- | 527 |
| Additional paid in capital..... | 172,315 | 16(B) | 440,921 | -- | 613,252 |
| Retained earnings..... | 22,779 | -- | -- | -- | 22,779 |
| Total stockholders' equity..... | 195,481 | 16 | 441,061 | -- | 636,558 |
| Total liabilities and stockholders' equity.. | \$1,295,638 | \$467,316 | \$441,061 | \$(208,500) | \$1,995,515 |

The accompanying notes are an integral part of the pro forma condensed consolidated balance sheet.

BOSTON PROPERTIES, INC.

NOTES TO THE
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 1997:

(A) Represents the net proceeds obtained from the issuance of 14.0 million common shares in the Offering as follows:

| | |
|---|-----------|
| Gross proceeds from the Offering..... | \$465,500 |
| Underwriters' discount and other offering expenses..... | (24,439) |
| | ----- |
| Net cash proceeds..... | 441,061 |
| Par value of common shares(/1/)..... | (140) |
| | ----- |
| | \$440,921 |
| | ===== |

(/1/) Represents the issuance of 14.0 million (\$.01 par value per share) common shares in the Offering at an assumed offering price of \$33.25 per share.

(B) Represents the purchase price, including closing costs, of the 1997 Acquired Properties and the Pending Acquisition as follows:

| 1997 ACQUIRED PROPERTIES | PURCHASE PRICE |
|-----------------------------------|----------------|
| ----- | ----- |
| 100 East Pratt Street (/1/)..... | \$137,516 |
| 875 Third Avenue (/2/)..... | 209,500 |
| | |
| PENDING ACQUISITION | |
| ----- | |
| Riverfront Plaza (/3/)..... | 174,361 |
| | ----- |
| Total Acquisition Properties..... | \$521,377 |
| | ===== |

- (/1/) The acquisition of 100 East Pratt Street was funded by a draw-down of \$137,500 from the Unsecured Line of Credit and the issuance of 500 shares of common stock (valued at approximately \$16, based on a value of \$32.00 per share).
- (/2/) The acquisition of 875 Third Avenue was funded by the assumption of a \$180,000 mortgage note, payment of \$1,500 in cash and the issuance of 890,869 Operating Partnership Units (the "OP Units"). To the extent that, for the ten trading days through and including December 31, 1998 the average daily closing price on the New York Stock Exchange of shares of common stock is less than \$31.43 per share (such average, the "Share Average"), the Operating Partnership shall issue to the contributor of 875 Third Avenue a number of additional OP Units (the "Additional OP Units") such that the product of (x) the Share Average, multiplied by (y) the sum of \$890,869 plus the Additional OP Units, equals \$28,000. Consequently, for accounting purposes, the OP Units were valued at approximately \$28,000, based on a value of \$31.43 per unit.
- (/3/) The acquisition of Riverfront Plaza will be funded through the payment of \$52,561 in cash and mortgage acquisition financing of \$121,800.

(C) Represents the cash transactions as follows:

| | |
|--|------------|
| Net proceeds of the Offering described in Note (A) | \$ 441,061 |
| Proceeds and working capital used for the Acquisition Properties..... | (56,919) |
| Paydown of Unsecured Line of Credit with proceeds from the Offering..... | (208,500) |
| | ----- |
| Net increase in cash..... | \$ 175,642 |
| | ===== |

(D) Net increase reflects the following:

| | |
|--|----------|
| Required escrow deposit for the debt assumed on the acquisition of 875 Third Avenue..... | \$ 2,631 |
| | ===== |

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED
CONSOLIDATED BALANCE SHEET--(CONTINUED)

(DOLLARS IN THOUSANDS)

(E) Reflects tenant note receivable purchased in connection with the Pending Acquisition of Riverfront Plaza.

(F) Represents the debt transactions as follows:

MORTGAGE NOTES PAYABLE

| | |
|--|-----------|
| Debt assumed in connection with the acquisition of 875 Third Avenue..... | \$180,000 |
| Seller financing in connection with the acquisition of Riverfront Plaza..... | 121,800 |
| | ----- |
| Net increase in mortgage indebtedness..... | \$301,800 |
| | ===== |

UNSECURED LINE OF CREDIT

| | |
|--|-------------|
| Draw-down from the Unsecured Line of Credit in connection with the acquisition of 100 East Pratt Street..... | \$ 137,500 |
| Paydown of the Unsecured Line of Credit from proceeds of the Offering, net | (208,500) |
| | ----- |
| Net decrease in Unsecured Line of Credit..... | \$ (71,000) |
| | ===== |

BOSTON PROPERTIES, INC.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND FOR THE YEAR ENDED DECEMBER
31, 1996
(UNAUDITED)

The following unaudited Pro Forma Condensed Consolidated Statement of Income for the nine months ended September 30, 1997 and for the year ended December 31, 1996 is presented as if the following transactions had occurred on January 1, 1996; (i) the consummation of the initial public offering (the "Initial Offering") and related Formation Transactions, and the Offering (ii) the acquisition of the property acquired concurrent with the Initial Offering (the "Initial Offering Acquisition Property"), (iii) the acquisition of properties acquired subsequent to the Initial Offering (the "1997 Acquisitions"), (iv) the acquisition of the pending acquisition (the "Pending Acquisition") and (v) the closing of the mortgage financing.

The Development and Management Company has been included in the pro forma financial information under the equity method of accounting due to the Operating Partnership's ownership of a noncontrolling, 1% voting interest.

The operations of the hotel properties and the parking garages have been included in the pro forma financial information pursuant to participating lease agreements to be entered into in order for the Company to continue to qualify as a REIT under IRC Section 856.

The unaudited Pro Forma Condensed Consolidated Statement of Income is not necessarily indicative of what the actual results of operations would have been for the nine months ended September 30, 1997, or for the year ended December 31, 1996, had the previously described transactions actually occurred on January 1, 1996 and the effect thereof carried forward through the nine month period ended September 30, 1997, nor do they purport to present the future results of operations of the Company.

BOSTON PROPERTIES, INC.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997
(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

| BOSTON PROPERTIES, INC. JUNE 23, 1997 TO SEPTEMBER 30, 1997 | BOSTON PROPERTIES PREDECESSOR GROUP JANUARY 1, 1997 TO JUNE 22, 1997 | PRO FORMA ADJUSTMENTS | | | | | |
|---|--|----------------------------------|---|-----------------------------|-------------------------------|----------------------|---------------|
| | | FORMATION TRANSACTIONS (A) | INITIAL OFFERING ACQUISITION PROPERTY (B) | 1997 ACQUISITIONS (C) | PENDING ACQUISITION (C) | OTHER ADJUSTMENTS | |
| Revenue: | | | | | | | |
| Rental: | | | | | | | |
| Base rent..... | \$57,892 | \$80,122 | \$ 9,396 | \$1,498 | \$54,440 | \$13,412 | -- |
| Recoveries from tenants..... | 6,144 | 10,283 | -- | 101 | 7,639 | 2,017 | -- |
| Parking and other..... | 217 | 3,397 | (1,061) | -- | 347 | 382 | -- |
| Total rental revenue..... | 64,253 | 93,802 | 8,335 | 1,599 | 62,426 | 15,811 | -- |
| Hotel..... | -- | 31,185 | (31,185) | -- | -- | -- | -- |
| Development and management services..... | 2,221 | 3,685 | (452) | -- | -- | -- | -- |
| Interest and other..... | 1,879 | 1,146 | (352) | -- | -- | -- | \$(1,200) (D) |
| Total revenue.. | 68,353 | 129,818 | (23,654) | 1,599 | 62,426 | 15,811 | (1,200) |
| Expenses: | | | | | | | |
| Rental: | | | | | | | |
| Operating..... | 8,828 | 13,650 | (353) | 437 | 14,580 | 2,761 | -- |
| Real estate taxes..... | 9,065 | 13,382 | 1,345 | 172 | 13,049 | 1,219 | -- |
| Hotel: | | | | | | | |
| Operating..... | -- | 20,938 | (20,938) | -- | -- | -- | -- |
| Real estate tax- es..... | -- | 1,514 | (1,514) | -- | -- | -- | -- |
| General and administrative... | 3,164 | 5,116 | 391 | -- | -- | -- | 425 (E) |
| Interest..... | 16,091 | 53,324 | (28,151) | -- | 11,813 | -- | 16,839 (F) |
| Depreciation and amortization..... | 10,113 | 17,054 | 124 | 210(G) | 7,646 | 2,288 | -- |
| Total expenses.. | 47,261 | 124,978 | (49,096) | 819 | 47,088 | 6,268 | 17,264 |
| Income before minority interests | 21,092 | 4,840 | 25,442 | 780 | 15,338 | 9,543 | (18,464) |
| Minority interest in property partnership..... | (69) | (235) | -- | -- | -- | -- | -- |
| Income before minority interest in Operating Partnership | 21,023 | 4,605 | 25,442 | 780 | 15,338 | 9,543 | (18,464) |
| Minority interest in Operating Partnership..... | (6,169) | -- | -- | -- | -- | -- | (8,019) (H) |
| Income before extraordinary item..... | \$14,854 | \$ 4,605 | \$ 25,442 | \$ 780 | \$15,338 | \$ 9,543 | \$(26,483) |
| Income before ex- traordinary item per common share.. | \$.38 | | | | | | |
| Weighted average number of common shares outstand- ing..... | 38,694 | | | | | | |

PRO
FORMA

| | |
|--|-----------|
| Revenue: | |
| Rental: | |
| Base rent..... | \$216,760 |
| Recoveries from tenants..... | 26,184 |
| Parking and other..... | 3,282 |
| | ----- |
| Total rental revenue..... | 246,226 |
| Hotel..... | -- |
| Development and management services..... | 5,454 |
| Interest and other..... | 1,473 |
| | ----- |
| Total revenue... | 253,153 |
| | ----- |
| Expenses: | |
| Rental: | |
| Operating..... | 39,903 |
| Real estate taxes..... | 38,232 |
| Hotel: | |
| Operating..... | -- |
| Real estate taxes..... | -- |
| General and administrative... | 9,096 |
| Interest..... | 69,916 |
| Depreciation and amortization..... | 37,435 |
| | ----- |
| Total expenses.. | 194,582 |
| | ----- |
| Income before minority interests | 58,571 |
| Minority interest in property partnership..... | (304) |
| | ----- |
| Income before minority interest in Operating Partnership | 58,267 |
| Minority interest in Operating Partnership..... | (14,188) |
| | ----- |
| Income before extraordinary item..... | \$ 44,079 |
| | ===== |
| Income before extraordinary item per common share.. | \$.84 |
| | ===== |
| Weighted average number of common shares outstanding..... | 52,694 |
| | ===== |

The accompanying notes are an integral part of the pro forma condensed consolidated statement of income.

BOSTON PROPERTIES, INC.

NOTES TO THE
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

(DOLLARS IN THOUSANDS)

NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997

A. Reflects the pro forma Formation Transactions adjustment summary for the period from January 1, 1997 to June 22, 1997 (the "Predecessor Period").

| PRO FORMA ADJUSTMENTS | RENT HOTELS AND GARAGE | PARKING INCOME | HOTEL REVENUE | MGMT FEES | INTEREST AND OTHER | PROPERTY OPERATING EXPENSES | PROPERTY REAL ESTATE TAXES | HOTEL OPERATING EXPENSES | HOTEL REAL ESTATE TAXES | GENERAL & ADMIN | INTEREST EXPENSE |
|--|------------------------|----------------|---------------|-----------|--------------------|-----------------------------|----------------------------|--------------------------|-------------------------|-----------------|------------------|
| (1)Assignment of contracts..... | | | | \$(452) | | | | | | \$(430) | |
| (2)Equity investment income..... | | | | | \$21 | | | | | | |
| (3)Operation of hotels and garage..... | | \$(1,061) | \$(31,185) | | | \$(353) | \$1,345 | \$(20,938) | \$(1,514) | | |
| (4)Rental of hotels and garage..... | \$9,396 | | | | | | | | | | |
| (5)General and administrative.. | | | | | | | | | | 821 | |
| (6)Amortization of deferred financing costs..... | | | | | | | | | | | \$ (189) |
| (7)Release of restricted cash..... | | | | | (373) | | | | | | |
| (8)Depreciation expense..... | | | | | | | | | | | |
| (9)Mortgage interest..... | | | | | | | | | | | (27,962) |
| Pro Forma Formation Transactions adjustment summary total... | \$9,396 | \$(1,061) | \$(31,185) | \$(452) | \$(352) | \$(353) | \$1,345 | \$(20,938) | \$(1,514) | \$ 391 | \$(28,151) |

| PRO FORMA ADJUSTMENTS | DEPRECIATION EXPENSE |
|--|----------------------|
| (1)Assignment of contracts..... | |
| (2)Equity investment income..... | |
| (3)Operation of hotels and garage..... | |
| (4)Rental of hotels and garage..... | |
| (5)General and administrative.. | |
| (6)Amortization of deferred financing costs..... | |
| (7)Release of restricted cash..... | |
| (8)Depreciation expense..... | \$124 |
| (9)Mortgage interest..... | |
| Pro Forma Formation Transactions adjustment summary total... | \$124 |

(1) In connection with the Formation Transactions, certain third-party

management contracts were assigned to the Development and Management Company. As a result of the assignment, operating income, expenses and overhead attributable to the contracts were reflected in the operations of the Development and Management Company as detailed below:

| | |
|--|--------|
| Management services..... | \$ 452 |
| General and administrative expenses..... | (430) |
| | ----- |
| Manager contract income..... | \$ 22 |
| | ===== |

- (2) The Operating Partnership holds a 95% economic interest in the Development and Management Company and records an equity interest of \$21 on the \$22 net income.
- (3) In connection with the Formation Transactions, the Operating Partnership entered into participating leases for the operation of the hotels and parking garage. As a result of these agreements, revenue and expenses will not be reflected from the operation of these businesses.
- (4) Represents rental income from the leasing of the hotels and parking garage owned by the Operating Partnership. The hotel lease arrangements are with an affiliate.
- (5) Reflects an increase of \$821 in general and administrative expenses as a result of operating as a public company.
- (6) Reflects the net increase of \$290 in the amortization of deferred financing costs for the \$1,800 fee and related professional costs on the Unsecured Line of Credit, less a net reduction of \$479 in amortization of deferred financing costs related to debt paid off with the Initial Offering proceeds.

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME--(CONTINUED)

(DOLLARS IN THOUSANDS)

- (7) Reflects the decrease in interest income as a result of the release of cash previously required to be held in escrow per the terms of the various mortgage note payable agreements.
- (8) Reflects the increase in depreciation from depreciating over 40 years the pro forma increase to real estate from the purchase of limited partners' interests and transfer costs paid.
- (9) Reflects the repayment of a portion of the existing mortgage indebtedness from proceeds of the Initial Offering for the Predecessor Period:

| PROPERTIES ----- | PRINCIPAL AMOUNT | INTEREST RATE | INTEREST |
|---|---------------------|------------------|------------|
| 599 Lexington Avenue..... | \$225,000 | 7.00% | \$ 7,547 |
| Two Independence Square..... | 122,505 | 7.90% | 4,637 |
| One Independence Square..... | 78,327 | 7.90% | 2,965 |
| 2300 N Street..... | 66,000 | 7.00% | 2,214 |
| Capital Gallery..... | 60,559 | 8.24% | 2,391 |
| Ten Cambridge Center..... | 25,000 | 7.57% | 907 |
| 191 Spring Street..... | 23,883 | 8.50% | 973 |
| Bedford Business Park..... | 23,376 | 8.50% | 952 |
| 10 & 20 Burlington Mall Road..... | 16,621 | 8.33% | 663 |
| Cambridge Center North Garage..... | 15,000 | 7.57% | 544 |
| 91 Hartwell Avenue..... | 11,322 | 8.33% | 452 |
| 92 & 100 Hayden Avenue..... | 9,057 | 8.33% | 362 |
| Montvale Center..... | 7,969 | 8.59% | 328 |
| Newport Office Park..... | 6,874 | 8.13% | 268 |
| Hilltop Business Center..... | 4,750 | 7.00% | 159 |
| | | | ----- |
| Total..... | | | 25,362 |
| Historical interest expense - Predecessor Period..... | | | (53,324) |
| | | | ----- |
| Pro forma interest expense adjustment for the Predecessor Period..... | | | \$(27,962) |
| | | | ===== |

- B. Reflects the results of operations, as adjusted for depreciation, of the Newport Office Park, acquired concurrent with the Initial Offering, for the period from January 1, 1997 to June 22, 1997 (the acquisition date).

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF INCOME--(CONTINUED)

(DOLLARS IN THOUSANDS)

C. Reflects the historical results of operations, as adjusted for base rent and depreciation, for the 1997 Acquisitions and Pending Acquisition for the nine months ended September 30, 1997 as follows:

1997 ACQUISITIONS

| | 280 PARK AVENUE(1) | 100 EAST PRATT STREET | 875 THIRD AVENUE | TOTAL |
|------------------------------|-----------------------|--------------------------|---------------------|----------|
| Revenue: | | | | |
| Base rent..... | \$17,012 | \$10,924 | \$18,646 | \$46,582 |
| Adjustment(2)..... | 7,437 | 397 | 24 | 7,858 |
| Total base rent..... | 24,449 | 11,321 | 18,670 | 54,440 |
| Recoveries from tenants..... | 1,707 | 2,133 | 3,799 | 7,639 |
| Other..... | 80 | 267 | -- | 347 |
| Total rental revenue..... | 26,236 | 13,721 | 22,469 | 62,426 |
| Expenses: | | | | |
| Operating..... | 7,772 | 3,453 | 3,355 | 14,580 |
| Real estate taxes..... | 6,677 | 1,541 | 4,831 | 13,049 |
| Interest..... | -- | -- | 11,813 | 11,813 |
| Depreciation(Note G)..... | 3,355 | 1,934 | 2,357 | 7,646 |
| Total expenses..... | 17,804 | 6,928 | 22,356 | 47,088 |
| Net income..... | \$ 8,432 | \$ 6,793 | \$ 113 | \$15,338 |

- (1) Reflects the results of operations for the period from January 1, 1997 through September 11, 1997 (the acquisition date).
- (2) Represents an adjustment to straight-line rent based on the pro forma acquisition date of January 1, 1996 and also includes an adjustment for rental income from Banker's Trust during the period they occupied 280 Park Avenue as owner/occupant of the building (the rental figure is based upon the lease entered into by Banker's Trust concurrent with the sale of the building to the Company on September 11, 1997).

PENDING ACQUISITION

| | RIVERFRONT PLAZA |
|------------------------------|---------------------|
| Revenue: | |
| Base rent..... | \$13,023 |
| Adjustment(1)..... | 389 |
| Total base rent..... | 13,412 |
| Recoveries from tenants..... | 2,017 |
| Other..... | 382 |
| Total rental revenue..... | 15,811 |
| Expenses: | |
| Operating..... | 2,761 |
| Real estate taxes..... | 1,219 |
| Interest..... | -- |
| Depreciation(Note G)..... | 2,288 |
| Total expenses..... | 6,268 |
| Net income..... | \$ 9,543 |

- (1) Represents an adjustment to straight-line rent based on the pro forma acquisition date of January 1, 1996.

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF INCOME--(CONTINUED)

(DOLLARS IN THOUSANDS)

D. Reflects reduction in interest income as a result of cash used for the acquisition of 280 Park Avenue.

E. Reflects the incremental increase in general and administrative costs related to the 1997 Acquisitions and Pending Acquisition.

F. Reflects the net increase in interest as a result of the following debt transactions:

| | |
|--|----------|
| Payoff of the Unsecured Line of Credit with proceeds from the Offering for the period sub-sequent to the Initial Offering, net of amounts capitalized..... | \$ (411) |
| Acquisition mortgage financing of 280 Park Avenue in the original principal amount of \$220 million computed at an interest rate of 7% for period January 1, 1997 to September 11, 1997 (date of acquisition)..... | 10,675 |
| Amortization of deferred financing fees for the period from January 1, 1997 to September 1, 1997 (date of acquisition) as a result of approximately \$1.1 million of fees associated with the mortgage financing of 280 Park Avenue. The deferred financing fees are amortized over the five year term of the loan | 153 |
| Seller financing of Riverfront Plaza in the principal amount of \$121,800 computed at the 10 year U.S. Treasury Note rate (5.88% at November 17, 1997) plus 1.15% | 6,422 |
| | ----- |
| Increase in interest expense for the period subsequent to the Initial Offering..... | \$16,839 |
| | ===== |

G. Detail of pro forma depreciation expense is presented below for the Initial Offering Acquisition Property, the 1997 Acquisitions and the Pending Acquisition:

| PROPERTY(IES) | PURCHASE PRICE | ESTIMATED LIFE OF ASSETS | PRO FORMA DEPRECIATION |
|---------------------------------------|----------------|--------------------------|------------------------|
| ----- | ----- | ----- | ----- |
| INITIAL OFFERING ACQUISITION PROPERTY | | | |
| Newport Office Park(1)..... | \$21,700 | 40 | \$ 210 |
| | | | ===== |
| 1997 ACQUISITIONS | | | |
| 280 Park Avenue(1)..... | 322,650 | 40 | \$3,355 |
| 100 East Pratt Street..... | 137,500 | 40 | 1,934 |
| 875 Third Avenue..... | 209,500 | 40 | 2,357 |
| | | | ----- |
| | | | \$7,646 |
| | | | ===== |
| PENDING ACQUISITION | | | |
| Riverfront Plaza..... | 174,361 | 40 | \$2,288 |
| | | | ===== |

(1) Reflects pro forma depreciation expense for the periods prior to acquisition.

H. Adjustment to minority interest to reflect the minority investors interest in the Operating Partnership of approximately 24.35% following the Offering and issuance of OP Units and common shares.

BOSTON PROPERTIES, INC.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1996
(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

| | BOSTON PROPERTIES PREDECESSOR GROUP | PRO FORMA ADJUSTMENTS | | | | | PRO FORMA |
|--|--|---------------------------|------------------------------------|----------------------------------|------------------------|----------------------|------------------|
| | | FORMATION TRANSACTIONS | INITIAL OFFERING ACQUISITION | 1997 PROPERTY ACQUISITIONS | PENDING ACQUISITION | OTHER ADJUSTMENTS | |
| | (A) | (B) | (C) | (C) | | | |
| Revenue: | | | | | | | |
| Rental: | | | | | | | |
| Base rent..... | \$169,420 | \$22,371 | \$2,908 | \$66,637 | \$16,420 | -- | \$277,756 |
| Recoveries from tenants..... | 22,607 | -- | 180 | 11,379 | 2,976 | -- | 37,142 |
| Parking and other..... | 2,979 | (2,043) | -- | 412 | 436 | -- | 1,784 |
| Total rental revenue.. | 195,006 | 20,328 | 3,088 | 78,428 | 19,832 | -- | 316,682 |
| Hotel..... | 65,678 | (65,678) | -- | -- | -- | -- | -- |
| Development and management services.... | 5,719 | (936) | -- | -- | -- | -- | 4,783 |
| Interest and other..... | 3,530 | (705) | -- | -- | -- | -- | 2,825 |
| Total revenue..... | 269,933 | (46,991) | 3,088 | 78,428 | 19,832 | -- | 324,290 |
| Expenses: | | | | | | | |
| Rental: | | | | | | | |
| Operating..... | 29,823 | (713) | 879 | 18,751 | 3,865 | -- | 52,605 |
| Real estate taxes..... | 28,372 | 2,754 | 347 | 18,327 | 1,638 | -- | 51,438 |
| Hotel: | | | | | | | |
| Operating..... | 43,634 | (43,634) | -- | -- | -- | -- | -- |
| Real estate taxes..... | 3,100 | (3,100) | -- | -- | -- | -- | -- |
| General and administrative..... | 10,754 | 834 | -- | -- | -- | \$ 300(D) | 11,888 |
| Interest..... | 109,394 | (54,398) | -- | 15,750 | -- | 24,183(E) | 94,929 |
| Depreciation and amortization..... | 36,199 | 257 | 434 | 10,561(F) | 3,051 | -- | 50,502 |
| Total expenses..... | 261,276 | (98,000) | 1,660 | 63,389 | 8,554 | 24,483 | 261,362 |
| Income before minority interests | 8,657 | 51,009 | 1,428 | 15,039 | 11,278 | (24,483) | 62,928 |
| Minority interest in property partnership.... | (384) | -- | -- | -- | -- | -- | (384) |
| Income before minority interest in Operating Partnership | 8,273 | 51,009 | 1,428 | 15,039 | 11,278 | (24,483) | 62,544 |
| Minority interest in Operating Partnership... | -- | -- | -- | -- | -- | (15,229)(G) | (15,229) |
| Net income..... | \$ 8,273 | \$51,009 | \$1,428 | \$15,039 | \$11,278 | \$(39,712) | \$ 47,315 |
| Net income per common share..... | | | | | | | \$.90 |
| Weighted average number of common shares outstanding..... | | | | | | | 52,694 |

The accompanying notes are an integral part of the pro forma condensed consolidated statement of income.

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF INCOME

(DOLLARS IN THOUSANDS)

NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR
ENDED DECEMBER 31, 1996

A. Reflects the pro forma Formation Transactions adjustment summary for the
year ended December 31, 1996

| PRO FORMA ADJUSTMENTS | RENT HOTELS AND GARAGE | PARKING INCOME | HOTEL REVENUE | MGMT FEES | INTEREST AND OTHER | PROPERTY OPERATING EXPENSES | PROPERTY REAL ESTATE TAXES | HOTEL OPERATING EXPENSES | HOTEL REAL ESTATE TAXES | GENERAL & ADMIN | INTEREST EXPENSE |
|--|---------------------------------|-------------------|------------------|--------------|--------------------------|-----------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------|---------------------|
| (1) Assignment of contracts..... | | | | \$(936) | | | | | | \$ (866) | |
| (2) Equity investment income..... | | | | | \$66 | | | | | | |
| (3) Operation of hotels and garage..... | | \$(2,043) | \$(65,678) | | | \$(713) | \$2,754 | \$(43,634) | \$(3,100) | | |
| (4) Rental of hotels and garage..... | \$22,371 | | | | | | | | | | |
| (5) General and administrative.. | | | | | | | | | | 1,700 | |
| (6) Amortization of deferred financing costs..... | | | | | | | | | | | \$ (731) |
| (7) Release of restricted cash..... | | | | | (771) | | | | | | |
| (8) Depreciation expense..... | | | | | | | | | | | |
| (9) Mortgage interest..... | | | | | | | | | | | (53,667) |
| Pro forma formation transactions adjustment summary total... | \$22,371 | \$(2,043) | \$(65,678) | \$(936) | \$(705) | \$(713) | \$2,754 | \$(43,634) | \$(3,100) | \$ 834 | \$(54,398) |

| PRO FORMA ADJUSTMENTS | DEPRECIATION EXPENSE |
|--|-------------------------|
| (1) Assignment of contracts..... | |
| (2) Equity investment income..... | |
| (3) Operation of hotels and garage..... | |
| (4) Rental of hotels and garage..... | |
| (5) General and administrative.. | |
| (6) Amortization of deferred financing costs..... | |
| (7) Release of restricted cash..... | |
| (8) Depreciation expense..... | \$257 |
| (9) Mortgage interest..... | |
| Pro forma formation transactions adjustment summary total... | \$257 |

(1) In connection with the Formation Transactions, certain third-party management contracts are assigned to the Development and Management

Company. As a result of the assignment, current operating income, expenses and overhead attributable to the contracts are reflected in the operations of the Development and Management Company as detailed below:

| | |
|--|-------|
| Management services..... | \$936 |
| General and administrative expenses..... | (866) |
| | ---- |
| Manager contract income..... | \$ 70 |
| | ==== |

- (2) The Operating Partnership holds a 95% economic interest in the Development and Management Company and records an equity interest of \$66 on the \$70 net income.
- (3) In connection with the Formation Transactions, the Operating Partnership entered into participating leases for the operation of the hotels and parking garage. As a result of these agreements, revenue and expenses are not reflected from the operation of these businesses.
- (4) Represents rental income from the leasing of the hotels and parking garage owned by the Operating Partnership. The hotel lease arrangements are with an affiliate.
- (5) Reflects an increase of \$1,700 in general and administrative expenses as a result of operating as a public company.
- (6) Reflects the net increase of \$600 in the amortization of deferred financing costs for the \$1,800 fee and related professional costs on the Unsecured Line of Credit, less a net reduction of \$1,331 in amortization of deferred financing costs related to debt paid off with the Initial Offering proceeds.
- (7) Reflects the decrease in interest income as a result of the release of cash previously required to be held in escrow per the terms of the various mortgage note payable agreements.
- (8) Reflects the increase in depreciation from depreciating over 40 years the pro forma increase to real estate from the purchase of limited partners' interests and transfer costs paid.

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF INCOME--(CONTINUED)

(DOLLARS IN THOUSANDS)

- (9) Reflects the repayment of a portion of the existing mortgage indebtedness from proceeds of the Initial Offering and the corresponding adjustment to interest expense incurred in 1996.

| PROPERTY(IES) | PRINCIPAL AMOUNT | INTEREST RATE | INTEREST |
|--|---------------------|------------------|--------------|
| 599 Lexington Avenue..... | \$225,000 | 7.00% | \$ 15,750(1) |
| Two Independence Square..... | 122,855 | 7.90% | 9,813 |
| One Independence Square..... | 78,700 | 7.90% | 6,276 |
| 2300 N Street..... | 66,000 | 7.00% | 4,620(1) |
| Capital Gallery..... | 60,751 | 8.24% | 5,761 |
| Ten Cambridge Center..... | 25,000 | 7.57% | 1,924 |
| 191 Spring Street..... | 23,942 | 8.50% | 1,697 |
| Bedford Business Park..... | 23,500 | 8.50% | 1,998(1) |
| 10 & 20 Burlington Mall Road..... | 16,621 | 8.33% | 1,385 |
| Cambridge Center North Garage..... | 15,000 | 7.57% | 1,183 |
| 91 Hartwell Avenue..... | 11,322 | 8.33% | 943 |
| 92 & 100 Hayden Avenue..... | 9,057 | 8.33% | 754 |
| Montvale Center..... | 7,992 | 8.59% | 474 |
| Newport Office Park..... | 6,874 | 8.13% | 558 |
| Hilltop Business Center..... | 4,817 | 7.00% | 318 |
| Pro forma totals..... | | | 53,454 |
| Historical interest expense for the year ended December 31, 1996..... | | | (107,121) |
| Pro forma interest expense adjustment.. | | | \$ (53,667) |

- (1) The interest expense used in this calculation assumes the mortgage loan was outstanding during all of 1996.

B. Reflects the historical results of operations, as adjusted for depreciation, for Newport Office Park, acquired concurrent with the Initial Offering for the year ended December 31, 1996.

C. Reflects the historical results of operations, as adjusted for base rent and depreciation, for the 1997 Acquisitions and Pending Acquisition for the year ended December 31, 1996 as follows:

1997 ACQUISITIONS

| | 280 PARK AVENUE | 100 EAST PRATT STREET | 875 THIRD AVENUE | TOTAL |
|------------------------------|--------------------|-----------------------------|---------------------|----------|
| Revenue: | | | | |
| Base rent..... | \$16,786 | \$14,046 | \$25,255 | \$56,087 |
| Adjustment(1)..... | 9,991 | 528 | 31 | 10,550 |
| Total base rent..... | 26,777 | 14,574 | 25,286 | 66,637 |
| Recoveries from tenants..... | 2,600 | 2,966 | 5,813 | 11,379 |
| Other..... | 59 | 353 | -- | 412 |
| Total rental revenue..... | 29,436 | 17,893 | 31,099 | 78,428 |
| Expenses: | | | | |
| Operating..... | 10,169 | 4,333 | 4,249 | 18,751 |
| Real estate taxes..... | 9,908 | 2,054 | 6,365 | 18,327 |
| Interest..... | -- | -- | 15,750 | 15,750 |
| Depreciation(Note F)..... | 4,840 | 2,578 | 3,143 | 10,561 |
| Total expenses..... | 24,917 | 8,965 | 29,507 | 63,389 |
| Net income..... | \$ 4,519 | \$ 8,928 | \$ 1,592 | \$15,039 |

- (1) Represents an adjustment to straight-line rent based on the pro forma acquisition date of January 1, 1996 and also includes an adjustment for rental income from Banker's Trust during the period they occupied 280 Park Avenue as owner/occupant of the building (the rental figure is based upon the lease entered into by Banker's Trust concurrent with the sale of the building to the Company on September 11, 1997).

BOSTON PROPERTIES, INC.

NOTES TO THE PRO FORMA CONDENSED
CONSOLIDATED STATEMENT OF INCOME--(CONTINUED)

(DOLLARS IN THOUSANDS)

PENDING ACQUISITION

| | RIVERFRONT PLAZA ----- |
|------------------------------|------------------------------|
| Revenue: | |
| Base rent..... | \$15,898 |
| Adjustment(1)..... | 522 |
| | ----- |
| Total base rent..... | 16,420 |
| Recoveries from tenants..... | 2,976 |
| Other..... | 436 |
| | ----- |
| Total rental revenue..... | 19,832 |
| | ----- |
| Expenses: | |
| Operating..... | 3,865 |
| Real estate taxes..... | 1,638 |
| Interest..... | -- |
| Depreciation(Note F)..... | 3,051 |
| | ----- |
| Total expenses..... | 8,554 |
| | ----- |
| Net income..... | \$11,278 |
| | ===== |

(1) Represents an adjustment to straight-line rent based on the pro forma acquisition date of January 1, 1996.

D. Reflects the incremental increase in general and administrative costs related to the 1997 Acquisitions and Pending Acquisition.

E. Reflects the net increase in interest expense as a result of the following debt transactions:

| | |
|---|----------|
| Acquisition mortgage financing of 280 Park Avenue in the original principal amount of \$220 million computed at an interest rate of 7.0% for the year ended December 31, 1996..... | \$15,400 |
| Amortization of deferred financing fees as a result of approximately \$1.1 million of fees associated with the mortgage financing of 280 Park Avenue. The deferred financing fees are amortized over the five year term of the loan | 220 |
| Seller financing of Riverfront Plaza in the principal amount of \$121,800 computed at the 10 year U.S. Treasury Note rate (5.88% at November 17, 1997) plus 1.15%..... | 8,563 |
| | ----- |
| Increase in interest expense..... | \$24,183 |
| | ===== |

F. Detail of pro forma depreciation expense is presented below for the Acquisition at Initial Offering, the 1997 Acquisitions and the Pending Acquisition:

| PROPERTY(IES) | ESTIMATED PURCHASE PRICE | LIFE OF ASSETS | PRO FORMA DEPRECIATION |
|---------------------------------------|-----------------------------|-------------------|---------------------------|
| ----- | | | |
| INITIAL OFFERING ACQUISITION PROPERTY | | | |
| Newport Office Park..... | \$ 21,700 | 40 | \$ 434 |
| | | | ===== |
| 1997 ACQUISITIONS | | | |
| 280 Park Avenue..... | 322,650 | 40 | \$ 4,840 |
| 100 East Pratt Street..... | 137,500 | 40 | 2,578 |
| 875 Third Avenue..... | 209,500 | 40 | 3,143 |
| | | | ----- |
| | | | \$10,561 |
| | | | ===== |
| PENDING ACQUISITION | | | |
| Riverfront Plaza..... | 174,361 | 40 | \$ 3,051 |
| | | | ===== |

G. Adjustment to minority interest to reflect the minority investors interest in the Operating Partnership of approximately 24.35% following the Offering and issuance of OP Units and common shares.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this report on Form 8-K/A of Boston Properties, Inc. dated December 4, 1997 of our reports dated (i) November 3, 1997 on our audit of the Statement of Revenue Over Certain Operating Expenses of 100 East Pratt Street for the year ended December 31, 1996 and (ii) November 25, 1997 on our audit of the Statement of Revenue Over Certain Operating Expenses of Riverfront Plaza for the year ended December 31, 1996.

Boston, Massachusetts
December 4, 1997

/s/ Coopers & Lybrand L.L.P.