

BOSTON PROPERTIES INC
Form 10-Q
November 09, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2007

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

(Address of Principal Executive Offices) (Zip Code)

(617) 236-3300

(Registrant's telephone number, including area code)

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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)

119,265,452
(Outstanding on November 2, 2007)

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BOSTON PROPERTIES, INC.

FORM 10-Q

for the quarter ended September 30, 2007

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

	September 30, 2007	December 31, 2006
ASSETS		
Real estate, at cost	\$ 8,961,830	\$ 8,819,934
Real estate held for sale, net		433,492
Construction in process	629,138	115,629
Land held for future development	212,801	183,403
Less: accumulated depreciation	(1,488,077)	(1,392,055)
Total real estate	8,315,692	8,160,403
Cash and cash equivalents	1,894,198	725,788
Cash held in escrows	17,835	25,784
Tenant and other receivables (net of allowance for doubtful accounts of \$2,199 and \$2,682, respectively)	43,199	57,052
Accrued rental income (net of allowance of \$504 and \$783, respectively)	299,082	327,337
Deferred charges, net	257,469	274,079
Prepaid expenses and other assets	55,658	40,868
Investments in unconsolidated joint ventures	102,488	83,711
Total assets	\$ 10,985,621	\$ 9,695,022
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$ 2,644,393	\$ 2,679,462
Unsecured senior notes (net of discount of \$3,199 and \$3,525, respectively)	1,471,801	1,471,475
Unsecured exchangeable senior notes (net of discount of \$19,426 and \$0, respectively)	1,293,074	450,000
Unsecured line of credit		
Accounts payable and accrued expenses	133,714	102,934
Dividends and distributions payable	96,152	857,892
Accrued interest payable	46,671	47,441
Other liabilities	198,314	239,084
Total liabilities	5,884,119	5,848,288
Commitments and contingencies		
Minority interests	753,620	623,508
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	1,193	1,175

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Common stock, \$.01 par value, 250,000,000 shares authorized, 119,332,112 and 117,582,442 issued and 119,253,212 and 117,503,542 outstanding in 2007 and 2006, respectively

Additional paid-in capital	3,289,760	3,119,941
Earnings in excess of dividends	1,065,993	108,155
Treasury common stock at cost, 78,900 shares in 2007 and 2006	(2,722)	(2,722)
Accumulated other comprehensive loss	(6,342)	(3,323)
Total stockholders' equity	4,347,882	3,223,226
Total liabilities and stockholders' equity	\$ 10,985,621	\$ 9,695,022

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

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

	Three months ended September 30, 2007 2006		Nine months ended September 30, 2007 2006	
	(in thousands, except for per share amounts)			
Revenue				
Rental:				
Base rent	\$ 270,513	\$ 272,146	\$ 813,929	\$ 823,984
Recoveries from tenants	45,621	45,896	140,125	138,224
Parking and other	16,328	13,967	48,137	41,869
Total rental revenue	332,462	332,009	1,002,191	1,004,077
Hotel revenue	8,646	8,319	24,690	21,598
Development and management services	5,318	4,558	15,175	14,159
Interest and other	25,081	14,611	68,274	25,124
Total revenue	371,507	359,497	1,110,330	1,064,958
Expenses				
Real estate operating:				
Rental	114,140	111,176	341,339	333,016
Hotel	6,275	6,339	18,706	16,860
General and administrative	20,189	12,739	53,288	43,177
Interest	69,929	73,571	217,598	226,837
Depreciation and amortization	71,616	70,558	216,715	203,640
Losses from early extinguishments of debt	2,695	208	3,417	32,132
Total expenses	284,844	274,591	851,063	855,662
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	86,663	84,906	259,267	209,296
Minority interest in property partnership				2,013
Income from unconsolidated joint ventures	1,390	20,200	19,623	23,167
Income before minority interest in Operating Partnership, gains on sales of real estate and discontinued operations	88,053	105,106	278,890	234,476
Minority interest in Operating Partnership	(14,178)	(18,404)	(42,455)	(44,911)
Income before gains on sales of real estate and discontinued operations	73,875	86,702	236,435	189,565
Gains on sales of real estate, net of minority interest	168,495	17,889	788,855	604,200
Income before discontinued operations	242,370	104,591	1,025,290	793,765
Discontinued operations:				
Income from discontinued operations, net of minority interest		3,371	1,283	7,228
Gain on sale of real estate from discontinued operations, net of minority interest			173,899	
Net income available to common shareholders	\$ 242,370	\$ 107,962	\$ 1,200,472	\$ 800,993
Basic earnings per common share:				
Income available to common shareholders before discontinued operations	\$ 2.02	\$ 0.90	\$ 8.53	\$ 6.82
Discontinued operations, net of minority interest		0.03	1.48	0.06

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Net income available to common shareholders	\$ 2.02	\$ 0.93	\$ 10.01	\$ 6.88
Weighted average number of common shares outstanding	119,010	115,432	118,715	113,989
Diluted earnings per common share:				
Income available to common shareholders before discontinued operations	\$ 1.99	\$ 0.88	\$ 8.39	\$ 6.68
Discontinued operations, net of minority interest		0.03	1.45	0.06
Net income available to common shareholders	\$ 1.99	\$ 0.91	\$ 9.84	\$ 6.74
Weighted average number of common and common equivalent shares outstanding	120,655	117,728	120,760	116,365

The accompanying notes are an integral part of these financial statements

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	(in thousands)			
Net income available to common shareholders	\$ 242,370	\$ 107,962	\$ 1,200,472	