Boston Properties Completes Acquisition of Citigroup Center

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NEW YORK, April 25 /PRNewswire/ -- Boston Properties, Inc. (NYSE: BXP) a real estate investment trust, announced today that it has completed its acquisition of the 59-story 1.6 million square foot Citigroup Center in New York City at a purchase price of approximately $725 million. The seller was Dai-Ichi Life Investment Properties, Inc. Total investment including closing costs and mortgage-recording taxes totaled approximately $755 million. An affiliate of Deutsche Bank provided a $525 million first mortgage.

Boston Properties completed the acquisition through a joint venture with affiliates of Allied Partners. Allied's affiliates have invested $35 million in common equity in the venture. Boston Properties has invested the balance of approximately $195 million of equity required to complete the transaction, with approximately $66.5 million in common equity and the balance in preferred equity. All of the Boston Properties equity will earn a 10% priority return for ten years. The preferred equity and any accumulated unpaid portion of the priority return on Boston Properties' equity investment will be payable from cash flow and proceeds of any refinancing of the property before Allied's affiliates receive a return on their common interest.

Boston Properties will manage and lease the property, bringing to 4.5 million square feet of Class A office space that the Company owns and manages in Midtown Manhattan. The Company's four in-service properties, 599 Lexington Avenue, 875 Third Avenue, 280 Park Avenue and Citigroup Center, are all located within a five-block area bordered by 48th Street and 53rd Street, the heart of Midtown. Boston Properties is also constructing two towers in Times Square that will total 2.3 million square feet and that together are 75% pre-leased to two of the "Big Five" accounting firms.

Mortimer B. Zuckerman, Chairman of Boston Properties, said, "We are delighted to complete the acquisition of Citigroup Center, an irreplaceable landmark asset in Midtown Manhattan, one of the most supply-constrained office markets in the country. With its high visibility on the New York City skyline and its high quality tenant roster, Citigroup Center will be a flagship property in the Company's portfolio."

Citigroup Center's world-recognized silhouette was built in 1977 and was designed by Hugh Stubbins & Associates and Emery Roth & Sons. The atrium, open-air concourse and office tower lobby were renovated in 1997. The property is 100% leased and the tenants include Citigroup, O'Melveny & Myers, Kirkland & Ellis and AT Kearney, among other well-known tenants. The building provides direct access to New York City's Five Boroughs through its prime location atop a major subway station.

Boston Properties is a fully integrated, self-administered and self- managed real estate investment trust that develops, redevelops, acquires, manages, operates and owns a diverse portfolio of Class-A office, industrial and hotel properties. The Company is one of the largest owners and developers of Class-A office properties in the United States, concentrated in four core markets - Boston, Midtown Manhattan, Washington, DC and San Francisco.

This press release contains forward-looking statements within the meaning of the Federal securities laws. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond Boston Properties control and could materially affect actual results, performance or achievements. These factors include, without limitation, the ability to enter into new leases or renew leases on favorable terms, dependence on tenants' financial condition, the uncertainties of real estate development and acquisition activity, the ability to effectively integrate acquisitions, the costs and availability of financing, the effects of local economic and market conditions, regulatory changes and other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission.

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