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, 1999

[_]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)
800 Boylston Street 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 [X] No [_]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock (Class)	63,548,144 (Outstanding on May 13, 1999)

BOSTON PROPERTIES, INC.

FORM 10-Q

for the quarter ended March 31, 1999

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BOSTON PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 1999	December 31, 1998
	(unaudited)	
	(in thousands, except share amounts)	
ASSETS		
Real estate:	$5,018,949	$4,917,193
Less: accumulated depreciation	(383,779)	(357,384)
Total real estate	4,635,170	4,559,809
Cash and cash equivalents	33,597	12,166
Notes receivable	--	420,143
Escrows	23,365	19,014
Tenant and other receivables, net	42,188	40,830
Accrued rental income, net	68,615	64,251
Deferred charges, net	47,893	46,029
Prepaid expenses and other assets	25,166	26,058
Investments in joint ventures	59,664	46,787
Total assets	$4,935,658	$5,235,087
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$2,758,755	$2,653,581
Notes payable	--	420,143
Unsecured line of credit	252,000	15,000
Accounts payable and accrued expenses	51,282	33,638
Dividends payable	43,342	40,494
Accrued interest payable	12,028	7,307
Other liabilities	22,688	37,209
Total liabilities	3,140,095	3,207,372
Commitments and contingencies	--	--
Minority interests	768,119	1,079,234
Series A Convertible Redeemable Preferred Stock, liquidation preference $50.00 per share, 2,000,000 shares issued and outstanding	100,000	--
Stockholders' equity:		
Excess stock, $.01 par value, 150,000,000 shares authorized, none issued or outstanding	--	--
Common stock, $.01 par value, 250,000,000 shares authorized, 63,540,106 and 63,527,819 issued and outstanding in 1999 and 1998, respectively	635	635
Additional paid-in capital	936,745	955,711
Dividends in excess of earnings	(9,936)	(7,865)
Total stockholders' equity	927,444	948,481
Total liabilities and stockholders' equity	$4,935,658	$5,235,087

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31, 1999	Three months ended March 31, 1998
	(unaudited and in thousands, except for per share amounts)	
Revenue		
Rental:		
Base rent	$151,609	$79,270
Recoveries from tenants	17,414	9,557
Parking and other	10,924	1,111
Total rental revenue	179,947	89,938
Development and management services	4,047	1,776
Interest and other	3,646	3,889
Total revenue	187,640	95,603
Expenses		
Operating	57,350	26,530
General and administrative	6,610	4,821
Interest	50,459	24,929
Depreciation and amortization	27,794	13,095
Total expenses	142,213	69,375
Income before minority interests and joint venture income	45,427	26,228
Minority interests in property partnerships	(4,155)	(123)
Income from unconsolidated joint venture	213	--
Income before minority interest in Operating Partnership	41,485	26,105
Minority interest in Operating Partnership	(15,712)	(6,474)
Net income	25,773	19,631
Preferred dividend	(839)	--
Net income available to common shareholders	$ 24,934	$19,631
Basic earnings per share:		
Net income available to common shareholders	$ 0.39	$ 0.36
Weighted average number of common shares outstanding	63,534	54,283
Diluted earnings per share:		
Net income	$ 0.39	$ 0.36
Weighted average number of common and common equivalent shares outstanding	64,078	54,902

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the three months ended	
	March 31, 1999	March 31, 1998
Cash flows from operating activities:		
Net income before preferred dividend	$ 25,773	$ 19,631
Adjustments to reconcile net income before preferred dividend to net cash provided by operating activities:		
Depreciation and amortization	27,794	13,095
Non-cash portion of interest expense	(508)	3
Income from investment in unconsolidated joint venture	(213)	--
Minority interests	15,612	6,474
Change in assets and liabilities:		
Escrows	(4,351)	(9,016)
Tenant and other receivables, net	(1,358)	5,605
Accrued rental income	(4,364)	(3,876)
Prepaid expenses and other assets	892	6,996
Accounts payable and accrued expenses	13,618	14,012
Accrued interest payable	4,721	1,271
Other liabilities	(14,521)	4,499
Total adjustments	37,322	39,063
Net cash provided by operating activities	63,095	58,694
Cash flows from investing activities:		
Acquisitions/additions to real estate	(97,630)	(311,103)
Tenant leasing costs	(2,034)	(2,653)
Investments in joint ventures	(12,664)	(810)
Net cash used in investing activities	(112,328)	(314,566)
Cash flows from financing activities:		
Net proceeds from sales of common and preferred stock	100,000	765,668
Payment of offering costs	(31)	--
Borrowings on unsecured line of credit	347,000	--
Repayment of unsecured line of credit	(110,000)	(233,000)
Repayments of mortgage notes	(9,618)	(2,213)
Proceeds from mortgage notes	116,000	121,800
Repayment of notes payable	(328,143)	--
Dividends and distributions	(42,615)	(22,539)
Deferred financing	(1,929)	--
Net cash provided by financing activities	70,664	629,716
Net increase in cash	21,431	373,844
Cash and cash equivalents, beginning of period	12,166	17,560
Cash and cash equivalents, end of period	$ 33,597	$ 391,404
Supplemental disclosures:		
Cash paid for interest	$ 46,246	$ 26,198
Interest capitalized	$ 2,985	$ 613
Non-cash activities:		
Operating activity:		
Non-cash portion of interest expense	$ (508)	$ 3
Additions to real estate included in accounts payable	$ 4,026	$ --
Investing and Financing activities:		
Mortgage notes payable assumed in connection with acquisitions	$ --	$ 118,251
Issuance of minority interest in connection with acquisitions	$ 100	$ 50,002

Dividends and distributions declared but not paid	$ 43,342	$ --
Notes receivable assigned in connection with an acquistion	$420,143	$ --
Notes payable assigned in connection with an acquisition	$(92,000)	$ --

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

BOSTON PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands)

1. Organization

Boston Properties, Inc. (the "Company"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). Boston Properties, Inc. is the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership") and at March 31, 1999, owned an approximate 72.75% 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 as "OP Units") or "preferred units of partnership interest" (also referred to as "Preferred Units"). All references to OP Units and Preferred Units exclude such 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 agreements upon the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year). 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, except that, the Company may, at its election, in lieu of a cash redemption, acquire such OP Unit for one share of common stock of the Company ("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. Each series of 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 convertible into OP Units at the election of the holder thereof or the Company.

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

To assist the Company in maintaining its status as a REIT, the Company leases its three in-service hotel properties, pursuant to a lease with a participation in the gross receipts of such hotel properties, to a lessee ("ZL Hotel LLC") in which Messrs. Zuckerman and Linde, the Chairman of the Board and Chief Executive Officer, respectively, are the sole member-managers. Messrs. Zuckerman and Linde have a 9.8% economic interest in such lessee and one or more unaffiliated public charities have a 90.2% economic interest. Marriott International, Inc. manages these hotel properties under the Marriott name pursuant to a management agreement with the lessee. Under the REIT requirements, revenues from a hotel are not considered to be rental income for purposes of certain income tests which a REIT must meet. Accordingly, in order to maintain its qualification as a REIT, the Company has entered into the participating leases described above to provide revenue which qualifies as rental income under the REIT requirements.

As of March 31, 1999, the Company and the Operating Partnership had 63,540,106 and 23,818,811 common shares and OP Units outstanding, respectively. In addition, the Company and the Operating Partnership had 2,000,000 and 8,655,353 Preferred Shares and Units outstanding, respectively.

The Properties:

The Company owns a portfolio of 124 commercial real estate properties (121 and 94 properties at December 31, 1998 and March 31, 1998, respectively) (the "Properties") aggregating over 32.0 million square feet. The properties consist of 103 office properties with approximately 24.0 million net rentable square feet (including eight properties under development expected to contain approximately 1.6 million net rentable square feet) and approximately 6.2 million additional square feet of structured parking for 17,742 vehicles, nine industrial properties with approximately 925,000 net rentable square feet, three hotels with a total of 1,054 rooms (consisting of approximately 938,000 square feet), and a parking garage with 1,170 spaces (consisting of approximately 330,000 square feet). In addition, the Company owns, has under contract, or has an option to acquire 40 parcels of land totaling 480.9 acres, which will support approximately 11.6 million square feet of development.

2. Basis of Presentation and Summary of Significant Accounting Policies

The consolidated financial statements of the Company include all the accounts of the Company, its majority-owned Operating Partnership and subsidiaries. The financial statements reflect the properties acquired at their historical basis of accounting to the extent of the acquisition of interests from the Predecessor's owners who continued as investors. The remaining interests acquired for cash from those owners of the Predecessor who decided to sell their interests have been accounted for as a purchase and the excess of the purchase price over the related historical cost basis was allocated to real estate. All significant intercompany balances and transactions have been eliminated. 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, 1998.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with generally accepted accounting principles 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 generally accepted accounting principles 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.

3. Real Estate Acquisitions During the Quarter Ended March 31, 1999

On February 10, 1999, the Company closed on phase two of its acquisition of Embarcadero Center. As a result, the Company's ownership percentage in the six buildings comprising Embarcadero Center increased to 100%. The total purchase price (including both phases one and two) of approximately $1.2 billion was funded through the assumption or incurrence of $730.0 million of mortgage financing, the issuance of Series Two and Three Preferred Units having an aggregate value of approximately $286.4 million, cash of $100.0 million from the proceeds of the sale of the Company's Series A Convertible Redeemable Preferred Stock (the "Series A Preferred Shares"), and a draw down of approximately $97.3 million on the Company's Unsecured Line of Credit. In connection with the above, the proceeds from notes receivable of $420.1 million were used to discharge the notes payable.

On March 26, 1999, the Company acquired Sumner Square, a two-building office complex located in Washington, D.C. containing approximately 204,000 square feet. Sumner Square was acquired from related parties for approximately $32.6 million which was funded through a draw down on the Unsecured Line of Credit of approximately $32.5 million and the issuance of approximately 3,252 OP Units valued at approximately $0.1 million. The acquisition was approved by a vote of the independent directors.

4. Investments in Joint Ventures

The investments in joint ventures represent (i) a 25% interest in a joint venture which owns and operates two office buildings in Reston, Virginia, (ii) a 25% interest in a joint venture which is developing one office building in Reston, Virginia, and (iii) a 50% interest in a joint venture which is developing an office building in Washington, D.C. The Company also serves as development manager for the two joint ventures still under development. Under the equity method of accounting, the net equity investment is reflected on the consolidated balance sheets.

(unaudited and in thousands)

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

	March 31, 1999 (unaudited)	December 31, 1998
ASSETS		
Real estate and development in progress	$197,745	$172,417
Other assets	10,473	10,032
Total assets	$208,218	$182,449
LIABILITIES AND PARTNERS' EQUITY		
Construction loans payable	$ 72,119	$ 55,638
Other liabilities	16,464	20,595
Total liabilities	88,583	76,233
Partners' equity	119,635	106,216
Total liabilities and partners' equity	$208,218	$182,449
Company's Share of Equity	$ 59,664	$ 46,787

The summarized statement of operations of the joint venture placed in service during the first quarter of 1999 is as follows:

	Three Months Ended March 31, 1999 (unaudited)
Total revenue	$1,791
Total expenses	939
Net income	$ 852
Company's Share of Net Income	$ 213

5. Minority Interests

Minority interest in the Operating Partnership relates to the interest in the Operating Partnership and property partnerships that are not owned by the Company. As of March 31, 1999, this interest consisted of 23,818,811 OP Units and 8,655,353 Preferred Units outstanding and held by parties other than the Company.

On February 16, 1999, the Operating Partnership paid a distribution on the 2,442,222 units of 7.25% Series One Preferred Units of $.61625 per unit, based on an annual distribution of $2.465 per unit and paid a distribution on the 6,213,131 units of Series Two and Three Preferred Units of $.63014 per unit.

On March 26, 1999, the Operating Partnership issued 3,252 OP Units in connection with the acquisition of Sumner Square.

6. Redeemable Preferred Stock and Stockholders' Equity

On February 16, 1999, the Company paid a dividend on the 2,000,000 shares of Series A Convertible Redeemable Preferred Shares (the "Preferred Shares"), $50 liquidation preference per share, of approximately

$.04110 per share for the period from issuance to February 15, 1999. In addition, on March 22, 1999, the Board of Directors of the Company declared a dividend of $0.64795 per share on the Preferred Shares payable on May 17, 1999 to shareholders of record on March 31, 1999. These Preferred Shares are not classified as equity as they are redeemable for cash or shares at the election of the holder.

On March 22, 1999, the Board of Directors of the Company declared a first quarter dividend in the amount of $0.425 per Common Share payable on April 28, 1999 to shareholders of record as of March 31, 1999.

7. Earnings Per Share

For the quarter ended March 31, 1999

	Income (Numerator)	Shares (Denominator)	Per Share amount
	(in thousands, except per share amounts)		
Basic Earnings:			
Income available to common shareholders...	$ 24,934	63,534	$ 0.39
Effect of Dilutive Securities:			
Stock Options..........	--	544	--
Diluted Earnings:			
Net income............	$ 24,934	64,078	$ 0.39

For the quarter ended March 31, 1998

	Income (Numerator)	Shares (Denominator)	Per Share amount
	(in thousands, except per share amounts)		
Basic Earnings:			
Income available to common shareholders...	$ 19,631	54,283	$ 0.36
Effect of Dilutive Securities:			
Stock Options..........	--	619	--
Diluted Earnings:			
Net Income............	$ 19,631	54,902	$ 0.36

8. Stock Option and Incentive Plan

During the quarter ended March 31, 1999, the Company issued 1,647,408 options at $33.375 per share. The options vest over a three-year period, with 1/3 of the options vesting each year. As of March 31, 1999, the Company has outstanding options with respect to 7,460,155 common shares and an additional 1,851,794 common shares reserved for issuance under the Company's stock option and incentive plan.

9. 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 and Pennsylvania. Segments by property type include: Class A Office, R&D, Industrial, Hotels and Garage.

Asset information by segment is not reported, since the Company does not use this measure to assess performance: therefore, the depreciation and amortization expenses are not allocated among segments. Interest

(unaudited and in thousands)

income, management and development services, interest expense and general and administrative expenses are not included in net operating income, as the internal reporting addresses these on a corporate level.

Information by Geographic Area and Property Type:
For the three months ended March 31, 1999:

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue						
Class A................	$36,955	$48,931	$34,191	$37,193	$9,457	$166,727
R&D....................	1,683	4,533	--	449	--	6,665
Industrial.............	406	323	--	274	180	1,183
Hotels.................	4,851	--	--	--	--	4,851
Garage.................	521	--	--	--	--	521
Total..................	44,416	53,787	34,191	37,916	9,637	179,947
% of Grand Totals......	24.68%	29.89%	19.00%	21.07%	5.36%	100.00%
Rental Expenses						
Class A................	15,153	12,639	11,301	12,627	2,523	54,243
R&D....................	528	970	--	88	--	1,586
Industrial.............	142	88	--	50	28	308
Hotels.................	1,024	--	--	--	--	1,024
Garage.................	189	--	--	--	--	189
Total..................	17,036	13,697	11,301	12,765	2,551	57,350
% of Grand Totals......	29.71%	23.88%	19.70%	22.26%	4.45%	100.00%
Net Operating Income....	$27,380	$40,090	$22,890	$25,151	$7,086	$122,597
% of Grand Totals......	22.33%	32.70%	18.67%	20.52%	5.78%	100.00%

For the three months ended March 31, 1998:

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue						
Class A................	$11,665	$35,247	$31,687	$--	$--	$78,599
R&D....................	1,639	3,729	--	315	--	5,683
Industrial.............	408	346	--	304	202	1,260
Hotels.................	3,955	--	--	--	--	3,955
Garage.................	441	--	--	--	--	441
Total..................	18,108	39,322	31,687	619	202	89,938
% of Grand Totals......	20.13%	43.72%	35.23%	0.69%	0.23%	100.00%
Rental Expenses						
Class A................	$ 4,041	$ 8,928	$11,174	$--	$--	24,143
R&D....................	530	672	--	90	--	1,292
Industrial.............	150	83	--	80	--	313
Hotels.................	658	--	--	--	--	658
Garage.................	124	--	--	--	--	124
Total..................	5,503	9,683	11,174	170	--	26,530
% of Grand Totals......	20.74%	36.50%	42.12%	0.64%	0.00%	100.00%
Net Operating Income....	$12,605	$29,639	$20,513	$449	$202	$63,408

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% of Grand Totals......	19.88%	46.74%	32.35%	0.71%	0.32%	100.00%
	=======	=======	=======	====	====	=======

The following is a reconcilition of net operating income to income before minority interests and joint venture income:

	Three months ended March 31, 1999	Three months ended March 31, 1998
Net Operating Income	$ 122,597	$ 63,408
Add:		
Development and management services	4,047	1,776
Interest income	3,646	3,889
Less:		
General and administrative	(6,610)	(4,821)
Interest expense	(50,459)	(24,929)
Depreciation and amortization	(27,794)	(13,095)
Income before minority interests and joint venture income	$ 45,427	$ 26,228

10. Unaudited Pro Forma Consolidated Financial Information

The accompanying unaudited pro forma information for the three months ended March 31, 1999 and 1998 are presented as if the following real estate acquisitions had occurred on January 1, 1998: Riverfront Plaza, the Mulligan/Griffin Portfolio, the Carnegie Center portfolio, Metropolitan Square, The Prudential Center, University Place, Reservoir Place and Embarcadero Center. This pro forma information is based upon the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and the notes thereto.

This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had the above occurred, nor do they purport to predict the results of operations of future periods.

	Three Months Ended 3/31/99 (pro forma)	Three months Ended 3/31/98 (pro forma)
	(unaudited and in thousands, except per share data)	
Total revenue	$ 187,640	$ 182,138
Net income available to common shareholders	$ 28,947	$ 27,858
Net income per share available to common--basic	$ 0.46	$ 0.44
Common shares outstanding--basic	63,534	63,370
Net income per share available to common shareholders--diluted	$ 0.46	$ 0.44
Common shares outstanding--diluted	64,078	63,989

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

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 Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results or developments could differ materially from those projected in such statements as a result of certain factors set forth in the section below entitled "Certain Factors Affecting Future Operating Results" and elsewhere in this report.

Results of Operations

Comparison of the three months ended March 31, 1999 to the three months ended March 31, 1998.

Rental revenue increased $90.0 million or 100.1% to $179.9 million from $89.9 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998. The increase is primarily due to rental revenue earned totaling approximately $81.8 million on the operations of properties acquired and placed in service since March 31, 1998.

Development and Management Services revenue increased $2.2 million or 127.9% to $4.0 million from $1.8 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998. The increase is due to new contracts earning fees during the first quarter of 1999.

Rental expenses increased $30.8 million or $116.2% to $57.4 million from $26.5 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998. This is primarily a result of approximately $28.3 million of expenses related to the operations of properties acquired and placed in service since March 31, 1998.

General and administrative expenses increased $1.8 million or 37.1% to $6.6 million from $4.8 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998 as a result of payroll and other related costs of new employees hired in Boston, Washington, D.C. and New York to support the operations of additional properties acquired and placed in service since March 31, 1998.

Interest expense increased $25.6 million or 102.4% to $50.5 million from $24.9 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998 as a result of interest expense of approximately $25.0 million on debt related to the properties acquired subsequent to March 31, 1998.

Depreciation and amortization expense increased $14.7 million or 112.3% to 27.8 million from $13.1 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998. This was primarily attributed to approximately $12.7 million of depreciation expense related to the operations of properties acquired subsequent to March 31, 1998.

As a result of the foregoing, net income before minority interest in the Operating Partnership increased $15.4 million to $41.5 million from $26.1 million for the three months ended March 31, 1999 compared to the three months ended March 31, 1998.

Liquidity and Capital Resources

The Company's consolidated indebtedness at March 31, 1999 was approximately $3.0 billion at a weighted average interest rate of 6.97%. Based on the Company's total market capitalization at March 31, 1999 of approximately $6.2 billion, the Company's consolidated debt represents 48.7% of its total market capitalization.

The Company has a $500 million unsecured revolving line of credit (the "Unsecured Line of Credit") with BankBoston, N.A., as agent, that expires in June 2000. The Company uses the Unsecured Line of Credit principally to facilitate its development and acquisition activities and for working capital purposes. As of May 10, 1999, the Company had $272,000 outstanding under the Unsecured Line of Credit.

The following represents the outstanding principal balances due under the first mortgages at March 31, 1999:

Properties	Interest Rate	Principal Amount (in thousands)	Maturity Date
Prudential Center	6.72%	297,735	July 1, 2008
599 Lexington Avenue	7.00%	225,000(1)	July 19, 2005
280 Park Avenue	7.00%	220,000(2)	September 11, 2002
Embarcadero Center One	6.70%	159,570	December 10, 2008
Embarcadero Center Two	6.70%	159,570	December 10, 2008
Embarcadero Center Four	6.79%	159,375	February 1, 2006
875 Third Ave	8.00%	153,600(3)	December 31, 2002
Embarcadero Center Three	6.40%	149,579	January 1, 2007
Two Independence Square	8.09%	119,771(4)	February 27, 2003
Riverfront Plaza	6.61%	119,480	January 21, 2008
Democracy Center	7.05%	110,000	April 9, 2009
Metropolitan Square	6.75%	106,834(5)	June 1, 2000
Embarcadero West Tower	6.50%	99,724	January 1, 2006
100 East Pratt Street	6.73%	94,430	November 1, 2008
Reservoir Place	6.88%	76,723(6)	November 1, 2006
One Independence Square	8.12%	76,302(4)	August 21, 2001
2300 N Street	6.88%	66,000	August 3, 2003
Capital Gallery	8.24%	58,877	August 15, 2006
Ten Cambridge Center and North Garage	7.57%	40,000	March 29, 2000
10 and 20 Burlington Mall Road	8.33%	37,000(7)	October 1, 2001
Lockheed Martin Building	6.61%	27,129	June 1, 2008
Reston Corporate Center	6.56%	25,613	May 1, 2008
1301 New York Avenue	6.70%	24,909	August 15, 2009
191 Spring Street	8.50%	23,360	September 1, 2006
Bedford Business Park	8.50%	22,557	December 10, 2008
NIMA Building	6.51%	22,192	June 1, 2008
212 Carnegie Center	7.25%	20,819	December 31, 2000
202 Carnegie Center	7.25%	19,384	December 31, 2000
214 Carnegie Center	8.19%	13,633(8)	October 31, 2000
101 Carnegie Center	7.66%	8,843	April 1, 2006
Montvale Center	8.59%	7,764	December 1, 2006
Newport Office Park	8.13%	6,433	July 1, 2001
Hilltop Business Center	6.81%	6,000	March 1, 2019
201 Carnegie Center	7.08%	549	February 1, 2010
Total		$2,758,755	

- --------

(1) At maturity the lender has the option to purchase a 33.33% interest in this Property in exchange for the cancellation of the principal balance of approximately $225 million.

(2) Outstanding principal of $213,000 bears interest at a fixed rate of 7.00%. The remaining $7,000 bears interest at a floating rate equal to LIBOR + 1.00%.

(3) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at March 31, 1999 was $150,000 and the interest rate was 8.75%.

(4) The principal amount and interest rate shown has been adjusted to reflect the effective rates on the loans. The actual principal balances at March 31, 1999 were $119,469 and $76,188, respectively. The actual interest rates are 8.50% and continue at such rates through the loan expiration.

(5) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at March 31, 1999 was $104,040 and interest rate was 9.13%.

(6) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at March 31, 1999 was $66,444 and the interest rate was 9.09%.

(7) Includes outstanding indebtedness secured by 91 Hartwell Avenue and 92 and 100 Hayden Avenue.

(8) The principal amount and interest rate shown has been adjusted to reflect the effective rate on the loan. The actual principal balance at March 31, 1999 was $13,341 and the interest rate was 9.13%.

The Company expects to meet its short-term liquidity requirements generally through its existing working capital and net cash provided by operations. The Company's operating properties and hotels require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. For the three months ended March 31, 1999, the Company's recurring capital expenditures totaled $1.5 million.

The Company expects to meet its long-term requirements for the funding of property development, property acquisitions and other non-recurring capital improvements through long-term secured and unsecured indebtedness (including the Unsecured Line of Credit) and the issuance of additional equity securities of the Company. During the quarter ended March 31, 1999, the Company received $110.0 million of mortgage financing secured by Democracy Center.

The Company has development projects currently in process, which require commitments to fund to completion. Commitments under these arrangements totaled $210.6 million as of March 31, 1999. The Company expects to fund these commitments using available cash and the Unsecured Line of Credit. In addition, the Company has options to acquire land that require minimum deposits that the Company will fund using available cash the Unsecured Line of Credit.

On March 26, 1999, the Company acquired Sumner Square from related parties for approximately $32.6 million. The acquisition was funded through a draw down on the Unsecured Line of Credit of approximately $32.5 million and the issuance of approximately 3,252 OP Units valued at approximately $0.1 million.

Funds from Operations

Management believes Funds from Operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of the ability of the Company to incur and service debt and make capital expenditures. The Company computes Funds from Operations in accordance with standards established by the White Paper on Funds from Operations approved by the Board of Governors of NAREIT in 1995, which may differ from the methodology for calculating Funds from Operations utilized by other equity REITs, and accordingly, may not be comparable to such other REITs. The White Paper defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Further, Funds from Operations does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties. Funds from Operations should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make distributions. The Company believes that in order to facilitate a clear understanding of the historical operating results of the Company. Funds from Operations should be examined in conjunction with net income as presented in the consolidated financial statements.

The following table presents the Company's Funds from Operations for the three months ended March 31, 1999 and 1998:

	Three months ended March 31, 1999	Three months ended March 31, 1998
Income before minority interests.....	$45,427	$26,228
Add:		
Real estate depreciation and amortization......................	27,549	12,944
Income from unconsolidated joint venture..........................	213	--
Less:		
Minority property partnership's share of Funds from Operations....	(3,163)	(144)
Preferred dividends and distributions....................	(7,212)	--
Funds from Operations................	$62,814	$39,028
Company's share......................	$45,697	$29,349

Reconciliation to Diluted Funds from Operations:

	For the three months ended March 31, 1999		For the three months ended March 31, 1998	
	Income (Numerator)	Shares (Denominator)	Income (Numerator)	Shares (Denominator)
Funds from Operations...	$ 62,814	87,330	$ 39,028	72,185
Effect of Dilutive Securities				
Convertible Preferred Units................	6,373	10,325	--	--
Convertible Preferred Stock................	839	1,459	--	--
Stock options.........	--	544	--	619
Diluted Funds from Operations.............	$ 70,026	99,658	$ 39,028	72,804
Company's share of Diluted Funds from Operations (76.12% and 75.20%, respectively)..........	$ 53,306	75,862	$ 29,349	54,902

Certain Factors Affecting Future Operating Results

This Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding the Company's business, strategies, revenues, expenditures and operating and capital requirements. The words "believe," "expect," "anticipate," "intend," "estimate," "assume," and other similar expressions which are predictions of or indicate future events and trends and which do not relate solely to historical matters identify forward-looking statements. Caution should be exercised in interpreting such forward-looking statements, and undue reliance should not be placed on such statements, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the control of the Company and may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and they may be incapable of being realized. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements made in this report: default under or non-renewal of leases by tenants, increased interest rates and operating costs, failure to obtain necessary outside financing, difficulties in identifying properties to acquire and completing acquisitions, failure to successfully integrate acquired properties into the Company's operations, 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), failure to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended, environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws and increases in real property tax rates. The Company's success also generally depends upon national and regional economic trends. The Company assumes no obligation to update forward-looking statements.

Inflation

Substantially all of the office leases provide for separate real estate tax and operating expense escalations over a base amount. In addition, many of the leases provide for fixed base rent increases or indexed increases. The Company believes that inflationary increases may be at least partially offset by the contractual rent increases described above.

Year 2000 Compliance

The Year 2000 issue relates to how computer systems and programs will recognize and process dates after the year 1999. Most computer systems and programs, which use two digits to specify a year, if not modified prior to the year 2000, will be unable to distinguish between the year 1900 and the year 2000. This could result in system failures or miscalculations that could result in disruptions of normal business operations. The Year 2000 issue can also affect embedded technology systems and programs of a building such as elevator, security, energy, fire and safety systems. The Year 2000 issue affects virtually all companies and organizations.

In March of 1998, the Company formed a Year 2000 project team that consists of Company personnel. The team includes a coordinator from Property Management in each of its regions and a representative from Legal, Risk Management and Information Systems. The project team conducts monthly meetings to coordinate a common work plan, to share information and to review the progress of activities in each region.

The Year 2000 Project encompasses a review of compliance risks for the Company's computer information and building systems and is divided into three phases.

Phase I targets the discovery of issues, an inventory of all building and internal systems, and an initial assessment of risks. Correspondence has been sent to vendors, including equipment manufacturers, service providers, maintenance and utility companies, requesting letters regarding Year 2000 compliance for specific systems. To date responses have been received from over 95% of the vendors with the remaining responses due mostly from vendors doing business with the Company's most recently acquired properties.

In Phase I, correspondence has been sent to tenants highlighting the Year 2000 issue and providing a general statement of the Company's progress. The Company has decided not to survey its tenant base, other than its largest tenant (the General Services Administration), as no other single tenant represents more than 5% of the Company's annual revenues. Due to the Company's large tenant base, the success of the Company is not closely tied to one particular tenant. As a result, the Company does not believe there should be a material adverse effect on the Company's financial condition and results of operations if a limited number of the Company's tenants were unable to pay rent on a timely basis due to Year 2000 related problems.

All work related to Phase I has been performed by current employees of the Company. No third parties have been used during this process nor has the Company hired an employee specifically for Year 2000 issues, and as a result, the costs incurred related only to internal payroll costs, which at this time are not material.

Phase II began in September 1998 and is expected to continue through June 1999. It consists of the following:

- Continued assessment of risks, including follow up with vendor responses deemed inadequate (if any)

- Remediation of identified compliance problems by June 30, 1999

- Testing of building systems

- Development of contingency plans for all systems deemed critical to the operation of buildings

Phase III will begin in July 1999 and will prepare building operations personnel at each property for the night and weekend of December 31, 1999. As part of its contingency planning, the Company is assessing the security and support requirements of tenants for the night of December 31, 1999 and the required on-site staffing presence of Company personnel.

The Company expects building-card access, energy management and garage access systems to commonly require remediation. The replacement of energy management systems at Embarcadero Center in San Francisco, CA and Riverfront Plaza in Richmond, VA will be completed in August 1999 and October 1999, respectively, and represent the only exceptions to the Company's current expectation that all remediation work for building systems will be completed by June 30, 1999.

Recent upgrades to desktop computers and internal networks throughout the organization combined with the replacement of the electronic mail and the accounting systems during 1998 addressed Year 2000 compliance issues with core operating systems. All ancillary software packages that support isolated functions, including tax reporting, and were non-compliant, were upgraded before the end of 1998 with the exception of work order processing software that is currently being replaced at several properties and will be completed by June 30, 1999.

The total costs associated with the Year 2000 issue are not expected to be material to the company's financial position. The estimated cost of remediation efforts is approximately $1.1 million, which excludes costs for all internal personnel working on the project. To date, the Company has incurred $0.3 million of these costs. In most cases, the upgrade of non-compliant systems represents an acceleration of planned replacement dates.

The Year 2000 project team has adopted a test protocol and procedure. Property managers, working with service vendors, are conducting tests of building systems. As of March 31, 1999, successful tests have been carried out and documented for critical building systems at many properties throughout the portfolio.

The Company has conducted tenant presentations at several locations that have included representatives of outside utilities such as Con Edison in New York.

The Company currently does not have a contingency plan in place. The Company is, however, working with service vendors, and expects that contingency plans will be developed by the project team by June 30, 1999 for all systems deemed critical to the operation of buildings. Most systems supporting the operation of a building can revert to manual operation if necessary.

The discussion above regarding the Company's Year 2000 Project contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's assessment of the impact of the Year 2000 issue may prove to be inaccurate due to a number of factors which cannot be determined with certainty, including the receipt of inaccurate compliance certification from third party vendors, inaccurate testing or assessments by Company personnel of Company equipment or systems, and inaccurate projections by the Company of the cost of remediation and/or replacement of affected equipment and systems. A failure by the Company to adequately remediate or replace affected equipment or systems due to the factors cited above or for other reasons, a material increase in the actual cost of such remediation or replacement, or a failure by a third party vendor to remediate Year 2000 problems in systems that are vital to the operation of the Company's properties or financial systems, could cause a material disruption to the Company's business and adversely affect its results of operations and financial condition.

ITEM 3--Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. The primary market risk facing the Company is mortgage debt, which bears 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 principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted average interest rates by expected maturity dates for the fixed rate debt. The interest rate of the variable rate debt as of March 31, 1999 was LIBOR plus 1.00%.

	Mortgage debt, including current portion							
	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value
Fixed Rate..............	$28,748	235,619	148,908	381,440	210,117	1,746,923	$2,751,755	$2,751,755
Average Interest Rate...	7.05%	7.13%	7.88%	7.38%	7.54%	6.83%		
Variable Rate...........	--	--	--	$7,000	--	--	$7,000	$7,000

BOSTON PROPERTIES, INC.

PART II. OTHER INFORMATION

ITEM 2--Changes in Securities

On February 10, 1999, the Company closed on Phase 2 of its acquisition of Embarcadero Center. Consideration included the issuance of 2,000,000 shares of Series A Convertible Redeemable Preferred Stock. Such shares were issued in a transaction that was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of such Act.

On March 26, 1999, the Company acquired Sumner Square for consideration that included the issuance of 3,252 OP Units. Such OP Units were issued to accredited investors in a transaction that was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of such Act.

ITEM 6--Exhibits and Reports on Form 8-K

(a) Exhibits

EXHIBIT NUMBER	DESCRIPTION
27.1	Financial Data Schedule

(b) Reports on Form 8-K

A Form 8-K dated January 26, 1999 was filed with the Securities and Exchange Commission to report under Item 5 of such report the information presented to investors and analysts and the Company's press release for the quarter ended December 31, 1998.

A Form 8-K dated February 17, 1999 was filed with the Securities and Exchange Commission to report under Item 5 of such report that the Company had closed on phase two of the Embarcadero Center acquisition.

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 14, 1999

/s/ David G. Gaw

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David G. Gaw,
Chief Financial Officer
(duly authorized officer and
principal financial officer)

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1,000

3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
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0
252,595
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