UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

/ / 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)
800 BOYLSTON STREET BOSTON, MASSACHUSETTS	02199
(Address of principal executive offices)	(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, PAR VALUE $.01	86,429,849
(CLASS)	(OUTSTANDING ON NOVEMBER 13, 2000)

BOSTON PROPERTIES, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2000

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BOSTON PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 2000	DECEMBER 31, 1999
	(UNAUDITED)	
	(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	
ASSETS		
Real estate:	$5,782,961	$5,609,424
Less: accumulated depreciation	(554,339)	(470,591)
Total real estate	5,228,622	5,138,833
Cash and cash equivalents	12,430	12,035
Escrows	29,509	40,254
Investments in securities	14,065	14,460
Tenant and other receivables, net	40,039	28,362
Accrued rental income, net	89,072	82,228
Deferred charges, net	74,743	53,733
Prepaid expenses and other assets	49,519	28,452
Investments in joint ventures	73,118	36,415
Total assets	$5,611,117	$5,434,772
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$3,218,135	$2,955,584
Unsecured line of credit	235,000	366,000
Accounts payable and accrued expenses	59,542	66,780
Dividends and distributions payable	61,217	50,114
Accrued interest payable	5,951	8,486
Other liabilities	60,831	48,282
Total liabilities	3,640,676	3,495,246
Commitments and contingencies	--	--
Minority interests	774,365	781,962
Series A Convertible Redeemable Preferred Stock, liquidation preference $50.00 per share, 2,000,000 shares issued and outstanding	100,000	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, 69,317,999 and 67,910,434 issued and outstanding in 2000 and 1999, respectively	693	679
Additional paid-in capital	1,112,855	1,067,778
Dividends in excess of earnings	(11,879)	(10,893)
Unearned compensation	(901)	--
Accumulated other comprehensive loss	(4,692)	--
Total stockholders' equity	1,096,076	1,057,564
Total liabilities and stockholders' equity	$5,611,117	$5,434,772

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	NINE MONTHS ENDED SEPTEMBER 30, 2000	NINE MONTHS ENDED SEPTEMBER 30, 1999
	(UNAUDITED AND IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)	
Revenue		
Rental:		
Base rent	$532,039	$476,261
Recoveries from tenants	68,956	53,878
Parking and other	38,095	34,272
Total rental revenue	639,090	564,411
Development and management services	8,432	11,364
Interest and other	3,304	5,642
Total revenue	650,826	581,417
Expenses		
Operating	197,366	184,321
General and administrative	25,868	21,345
Interest	166,210	151,446
Depreciation and amortization	97,062	88,315
Total expenses	486,506	445,427
Income before minority interests and joint venture income	164,320	135,990
Minority interest in property partnerships	(681)	(4,473)
Income from unconsolidated joint ventures	1,356	648
Income before minority interest in Operating Partnership	164,995	132,165
Minority interest in Operating Partnership	(56,505)	(48,465)
Income before gain (loss) on sale of real estate	108,490	83,700
Gain (loss) on sales of real estate, net	(307)	50
Net income before preferred dividend	108,183	83,750
Preferred dividend	(4,929)	(4,175)
Net income available to common shareholders	$103,254	$ 79,575
Basic earnings per share:		
Net income available to common shareholders	$ 1.51	$ 1.21
Weighted average number of common shares outstanding	68,568	65,672
Diluted earnings per share:		
Net income available to common shareholders	$ 1.48	$ 1.20
Weighted average number of common and common equivalent shares outstanding	69,600	66,280

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED SEPTEMBER 30, 2000	THREE MONTHS ENDED SEPTEMBER 30, 1999
	(UNAUDITED AND IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)	
Revenue		
Rental:		
Base rent	$183,749	$166,582
Recoveries from tenants	22,886	19,212
Parking and other	12,798	11,261
Total rental revenue	219,433	197,055
Development and management services	2,693	3,706
Interest and other	1,187	1,376
Total revenue	223,313	202,137
Expenses		
Operating	68,154	66,665
General and administrative	9,871	7,383
Interest	54,752	51,768
Depreciation and amortization	32,436	31,078
Total expenses	165,213	156,894
Income before minority interests and joint venture income	58,100	45,243
Minority interest in property partnership	(245)	(179)
Income from unconsolidated joint ventures	549	206
Income before minority interest in Operating Partnership	58,404	45,270
Minority interest in Operating Partnership	(19,627)	(16,248)
Income before gain (loss) on sales of real estate	38,777	29,022
Gain (loss) on sales of real estate, net	(604)	50
Net income before preferred dividend	38,173	29,072
Preferred dividend	(1,643)	(1,654)
Net income available to common shareholders	$ 36,530	$ 27,418
Basic earnings per share:		
Net income available to common shareholders	$ 0.53	$ 0.40
Weighted average number of common shares outstanding	68,752	67,901
Diluted earnings per share:		
Net income available to common shareholders	$ 0.52	$ 0.40
Weighted average number of common and common equivalent shares outstanding	70,661	68,484

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED SEPTEMBER 30, 2000	NINE MONTHS ENDED SEPTEMBER 30, 1999
	(UNAUDITED AND IN THOUSANDS)	
Cash flows from operating activities:		
Net income before preferred dividend	$108,183	$ 83,750
Adjustments to reconcile net income before preferred dividend to net cash provided by operating activities:		
Depreciation and amortization	97,062	88,315
Loss on sale of real estate	413	--
Non-cash portion of interest expense	2,764	1,676
Income from unconsolidated joint ventures	(1,356)	(648)
Compensation related to restricted shares issued to employees	159	--
Minority interests	56,399	45,595
Change in assets and liabilities:		
Escrows	10,745	(6,872)
Tenant and other receivables, net	(11,677)	19,410
Accrued rental income, net	(11,562)	(14,162)
Prepaid expenses and other assets	(7,844)	(3,136)
Accounts payable and accrued expenses	(7,126)	3,766
Accrued interest payable	(2,535)	2,304
Other liabilities	10,549	6,969
Total adjustments	135,991	143,217
Net cash provided by operating activities	244,174	226,967
Cash flows from investing activities:		
Acquisitions/additions to real estate	(312,519)	(554,430)
Net proceeds from sale of real estate	70,838	--
Tenant leasing costs	(13,176)	(7,440)
Investments in securities	(2,297)	--
Investments in joint ventures	(10,347)	11,628
Net cash used in investing activities	(267,501)	(550,242)
Cash flows from financing activities:		
Net proceeds from sales of common and preferred stock	--	240,749
Borrowings on unsecured line of credit	142,000	589,000
Repayments of unsecured line of credit	(273,000)	(270,000)
Repayments of mortgage notes	(223,028)	(24,697)
Proceeds from mortgage notes	534,853	287,039
Repayment of notes payable	--	(328,143)
Dividends and distributions	(152,923)	(130,451)
Proceeds from exercise of stock options	10,491	815
Proceeds from employee stock purchase plan	1,230	--
Deferred financing and other costs	(15,901)	(2,788)
Net cash provided by financing activities	23,722	361,524
Net increase in cash	395	38,249
Cash and cash equivalents, beginning of period	12,035	12,166
Cash and cash equivalents, end of period	$ 12,430	$ 50,415
Supplemental disclosures:		
Cash paid for interest	$192,332	$ 158,652
Interest capitalized	$ 26,908	$ 11,186
Non-cash operating activities:		
Assets assigned in connection with the sale of real estate	$ 4,718	$ --
Liabilities assigned in connection with the sale of real estate	$ 112	$ --
Non-cash investing and financing activities:		
Additions to real estate included in accounts payable	$ 1,362	$ 2,407
Mortgage notes payable assumed in connection with acquisitions	$117,831	$ 28,331
Mortgage notes payable assigned in connection with the sale of real estate	$166,547	$ --
Issuance of minority interest in connection with		

acquisitions	$ 20,467	$ 2,888
Dividends and distributions declared but not paid	$ 61,217	$ 48,483
Notes receivable assigned in connection with an acquistion	$ --	$ 420,143
Notes payable assigned in connection with an acquisition	$ --	$ 92,000
Common Stock issued in connection with an acquisition	$ 18,160	$ --
Conversion of Operating Partnership Units to Common Stock	$ 12,760	$ --
Issuance of restricted stock to employees	$ 1,060	$ --
Unrealized loss related to investments in securities	$ 4,692	$ --

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

1. ORGANIZATION

Boston Properties, Inc. (the "Company"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). The Company is the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership") and at September 30, 2000, owned an approximate 68% 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 restrictions agreed upon the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit for cash equal to the then value of a share of common stock, 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-Registered Trademark- 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 that 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 that qualifies as rental income under the REIT requirements.

As of September 30, 2000, the Company and the Operating Partnership had 69,317,999 and 23,965,195 shares of Common Stock and OP Units outstanding, respectively. In addition, the Company had 2,000,000 shares of Preferred Stock and the Operating Partnership had 8,706,659 Preferred Units outstanding.

THE PROPERTIES:

As of September 30, 2000, the Company owns a portfolio of 144 commercial real estate properties (136 and 132 properties at December 31, 1999 and September 30, 1999, respectively) (the "Properties") aggregating over 37.1 million square feet. The properties consist of 132 office properties with

1. ORGANIZATION (CONTINUED)

approximately 29.4 million net rentable square feet (including 17 properties under development expected to contain approximately 4.6 million net rentable square feet) and approximately 5.9 million additional square feet of structured parking for approximately 16,726 vehicles, nine industrial properties with approximately 0.9 million net rentable square feet and three hotels with a total of 1,054 rooms (consisting of approximately 0.9 million square feet). In addition, the Company owns, has under contract, or has an option to acquire 52 parcels of land totaling approximately 640.9 acres, which will support approximately 13.6 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, 1999.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States 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.

Certain prior-year balances have been reclassified in order to conform to the current-year presentation.

3. REAL ESTATE ACQUIRED AND DISPOSED OF DURING THE QUARTER ENDED SEPTEMBER 30, 2000

On August 22, 2000, the Company acquired the remaining 50% interest in the development rights at the Prudential Center in Boston, Massachusetts for approximately $18.2 million, which was funded through the issuance of 439,059 shares of the Company's Common Stock.

On September 29, 2000, the Company disposed of 910 and 930 Clopper Road, two office/technical use properties totaling 240,596 square feet in Gaithersburg, Maryland for approximately $24.1 million.

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

On September 13, 2000, the Company acquired a 35% interest in 265 Franklin Street, a 326,714 square foot office property in Boston, Massachusetts through a joint venture. Our interest in the property was acquired for cash and new debt financing totaling approximately $34.3 million.

(UNAUDITED AND IN THOUSANDS)

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES (CONTINUED)

At September 30, 2000, the investments in unconsolidated joint ventures represent (i) a 25% interest in a joint venture that owns and operates an office building in Reston, Virginia and (ii) a 50% interest in a joint venture that owns and operates an office building in Washington, DC (iii) a 51% interest in a joint venture that owns and operates an office building in Washington, DC and (iv) a 25% interest in a joint venture that is developing an office building in Needham, Massachusetts and (v) a 35% interest in a joint venture that owns and operates an office building in Boston, Massachusetts. The Company serves as the development manager for the joint venture under development. Under the equity method of accounting, the net equity investment is reflected on the consolidated balance sheets.

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

	SEPTEMBER 30, 2000	DECEMBER 31, 1999
	(UNAUDITED)	
ASSETS		
Real estate and development in process, net	$558,909	$236,995
Other assets	13,826	10,473
Total assets	$572,735	$247,468
LIABILITIES AND PARTNERS' EQUITY		
Mortgage and construction loans payable	$403,935	$164,185
Other liabilities	8,034	6,770
Partners' equity	160,766	76,513
Total liabilities and partners' equity	$572,735	$247,468
Company's share of equity	$ 73,118	$ 36,415

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

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,		FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2000	1999	2000	1999
	(UNAUDITED)			
Total revenue	$25,948	$8,002	$13,340	$3,564
Total expenses	22,375	5,152	12,197	2,490
Net income	$ 3,573	$2,850	$ 1,143	$1,074
Company's share of net income	$ 1,356	$ 648	$ 549	$ 206

5. INVESTMENTS IN SECURITIES

At September 30, 2000, the Company accounts for certain of its investments in securities in accordance with SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Investments" and has classified the securities as available-for-sale. As of September 30, 2000, the fair value of the investments in common stock and warrants was approximately $14.1 million. The gross unrealized

5. INVESTMENTS IN SECURITIES (CONTINUED)

holding loss of approximately $4.7 million is included in other comprehensive loss on the consolidated balance sheet.

6. MORTGAGE NOTES PAYABLE AND UNSECURED LINE OF CREDIT

On August 25, 2000, the Company obtained construction financing totaling $32.25 million collateralized by the Quorum Office Park development project in Chelmsford, Massachusetts. Such financing bears interest at a rate equal to LIBOR + 1.65% and matures in August 2003.

On September 20, 2000, the Company amended the Unsecured Line of Credit agreement increasing the borrowing capacity from $500 million to $605 million.

On September 28, 2000, the Company refinanced mortgage loans totaling $52.3 million collateralized by 202, 212 and 214 Carnegie Center in Princeton, New Jersey with mortgage loans totaling $63.0 million collateralized by 202, 206, and 214 Carnegie Center. Such financing bears interest at a rate of 8.13% and matures in October 2010.

7. MINORITY INTERESTS

Minority interests in the Company relate to the interest in the Operating Partnership not owned by Boston Properties, Inc. and interests in property partnerships that are not owned by the Company. As of September 30, 2000, the minority interest in the Operating Partnership consisted of 23,965,195 OP Units and 8,706,659 Preferred Units held by parties other than Boston Properties, Inc.

On August 15, 2000, the Operating Partnership paid a distribution on the 2,500,000 Series One Preferred Units at $0.61625 per unit, based on an annual distribution of $2.465 per unit and paid a distribution on the 6,213,130 Series Two and Three Preferred Units of $0.7089 per unit.

On September 18, 2000, Boston Properties, Inc., as general partner of the Operating Partnership, determined a distribution on the OP Units in the amount of $0.53 per OP Unit payable on October 27, 2000 to OP Unit holders of record on September 29, 2000.

8. REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY

On August 15, 2000, the Company paid a dividend on the 2,000,000 shares of Series A Convertible Redeemable Preferred Stock (the "Preferred Stock"), $50 liquidation preference per share, of approximately $0.7089 per share. In addition, on September 18, 2000, the Board of Directors of the Company declared a dividend of $0.7089 per share on the Preferred Stock payable on November 15, 2000 to shareholders of record on September 29, 2000. These shares of Preferred Stock are not classified as equity as in certain instances they are convertible into shares of Common Stock at the election of the holder after December 31, 2002 or are redeemable for cash at the election of the holder in six annual tranches commencing on May 12, 2009.

On August 22, 2000, the Company issued 439,059 shares of Common Stock, valued at approximately $18.2 million, in connection with the acquisition of the remaining 50% interest in the development rights associated with the Prudential Center in Boston, Massachusetts.

(UNAUDITED AND IN THOUSANDS)

8. REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (CONTINUED)

On September 18, 2000, the Board of Directors of the Company declared a third quarter dividend in the amount of $0.53 per share of Common Stock payable on October 27, 2000 to shareholders of record on September 29, 2000.

9. EARNINGS PER SHARE

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Basic Earnings:			
Income available to common shareholders	$ 36,530	68,752	$0.53
Effect of Dilutive Securities:			
Stock Options	--	1,909	(.01)
Diluted Earnings:			
Net income	$ 36,530	70,661	$0.52

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1999		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Basic Earnings:			
Income available to common shareholders	$ 27,418	67,901	$0.40
Effect of Dilutive Securities:			
Stock Options	--	583	--
Diluted Earnings:			
Net income	$ 27,418	68,484	$0.40

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Basic Earnings:			
Income available to common shareholders	$103,254	68,568	$1.51
Effect of Dilutive Securities:			
Stock Options	--	1,032	(0.03)
Diluted Earnings:			
Net income	$103,254	69,600	$1.48

(UNAUDITED AND IN THOUSANDS)

9. EARNINGS PER SHARE (CONTINUED)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Basic Earnings:			
Income available to common shareholders	$ 79,575	65,672	$1.21
Effect of Dilutive Securities:			
Stock Options	--	608	(0.01)
Diluted Earnings:			
Net income	$ 79,575	66,280	$1.20

10. 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 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 NINE MONTHS ENDED SEPTEMBER 30, 2000:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
RENTAL REVENUE						
CLASS A	$137,524	$159,851	$105,595	$134,538	$43,628	$581,136
R&D	4,323	15,744	--	1,372	--	21,439
INDUSTRIAL	1,364	1,053	--	1,319	542	4,278
HOTELS	29,660	--	--	--	--	29,660
GARAGE	2,577	--	--	--	--	2,577
TOTAL	175,448	176,648	105,595	137,229	44,170	639,090
% OF GRAND TOTALS	27.45%	27.64%	16.52%	21.47%	6.92%	100.00%
RENTAL EXPENSES						
CLASS A	49,742	43,128	35,578	45,945	13,439	87,832
R&D	1,355	2,780	--	248	--	4,383
INDUSTRIAL	417	329	--	140	87	973

(UNAUDITED AND IN THOUSANDS)

10. SEGMENT INFORMATION (CONTINUED)

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
HOTELS	3,418	--	--	--	--	3,418
GARAGE	760	--	--	--	--	760
TOTAL	55,692	46,237	35,578	46,333	13,526	197,366
% OF GRAND TOTALS	28.21%	23.43%	18.03%	23.48%	6.85%	100.00%
NET OPERATING INCOME	$119,756	$130,411	$ 70,017	$ 90,896	$30,644	$441,724
% OF GRAND TOTALS	27.11%	29.52%	15.85%	20.58%	6.94%	100.00%

INFORMATION BY GEOGRAPHIC AREA AND PROPERTY TYPE:
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
RENTAL REVENUE						
CLASS A	$116,722	$150,840	$102,515	$115,235	$29,652	$514,964
R&D	4,655	13,967	--	1,332	--	19,954
INDUSTRIAL	1,251	1,062	--	905	525	3,743
HOTELS	23,999	--	--	--	--	23,999
GARAGE	1,751	--	--	--	--	1,751
TOTAL	148,378	165,869	102,515	117,472	30,177	564,411
% OF GRAND TOTALS	26.29%	29.39%	18.16%	20.81%	5.35%	100.00%
RENTAL EXPENSES						
CLASS A	46,520	41,500	35,341	42,398	8,895	174,654
R&D	1,369	2,731	--	331	--	4,431
INDUSTRIAL	388	300	--	173	86	947
HOTELS	3,682	--	--	--	--	3,682
GARAGE	607	--	--	--	--	607
TOTAL	52,566	44,531	35,341	42,902	8,981	184,321
% OF GRAND TOTALS	28.52%	24.16%	19.17%	23.28%	4.87%	100.00%
NET OPERATING INCOME	$95,812	$121,338	$ 67,174	$ 74,570	$21,196	$380,090
% OF GRAND TOTALS	25.21%	31.92%	17.67%	19.62%	5.58%	100.00%

(UNAUDITED AND IN THOUSANDS)

10. SEGMENT INFORMATION (CONTINUED)

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

	NINE MONTHS ENDED SEPTEMBER 30, 2000	NINE MONTHS ENDED SEPTEMBER 30, 1999
Net Operating Income	$441,724	$380,090
Add:		
Development and management services	8,432	11,364
Interest income	3,304	5,642
Less:		
General and administrative	(25,868)	(21,345)
Interest expense	(166,210)	(151,446)
Depreciation and amortization	(97,062)	(88,315)
Income before minority interests and joint venture income	$164,320	$135,990

INFORMATION BY GEOGRAPHIC AREA AND PROPERTY TYPE:

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
RENTAL REVENUE						
CLASS A	$47,289	$51,475	$35,467	$46,981	$15,385	$196,597
R&D	1,381	6,085	--	479	--	7,945
INDUSTRIAL	449	328	--	416	189	1,382
HOTELS	12,499	--	--	--	--	12,499
GARAGE	1,010	--	--	--	--	1,010
TOTAL	62,628	57,888	35,467	47,876	15,574	219,433
% OF GRAND TOTALS	28.54%	26.38%	16.16%	21.82%	7.10%	100.00%
RENTAL EXPENSES						
CLASS A	17,046	14,575	12,247	16,169	4,647	64,684
R&D	508	913	--	85	--	1,506
INDUSTRIAL	122	112	--	55	20	309
HOTELS	1,405	--	--	--	--	1,405
GARAGE	250	--	--	--	--	250
TOTAL	19,331	15,600	12,247	16,309	4,667	68,154
% OF GRAND TOTALS	28.36%	22.89%	17.97%	23.93%	6.85%	100.00%
NET OPERATING INCOME	$43,297	$42,288	$23,220	$31,567	$10,907	$151,279
% OF GRAND TOTALS	28.62%	27.95%	15.35%	20.87%	7.21%	100.00%

(UNAUDITED AND IN THOUSANDS)

10. SEGMENT INFORMATION (CONTINUED)
INFORMATION BY GEOGRAPHIC AREA AND PROPERTY TYPE:
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1999:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
RENTAL REVENUE						
CLASS A	$41,445	$51,083	$34,381	$40,398	$10,644	$177,951
R&D	1,489	4,869	--	497	--	6,855
INDUSTRIAL	432	361	--	287	170	1,250
HOTELS	10,299	--	--	--	--	10,299
GARAGE	700	--	--	--	--	700
TOTAL	54,365	56,313	34,381	41,182	10,814	197,055
% OF GRAND TOTALS	27.59%	28.57%	17.45%	20.90%	5.49%	100.00%
RENTAL EXPENSES						
CLASS A	16,551	15,375	12,321	15,687	3,468	63,402
R&D	420	942	--	129	--	1,491
INDUSTRIAL	122	85	--	51	23	281
HOTELS	1,287	--	--	--	--	1,287
GARAGE	204	--	--	--	--	204
TOTAL	18,584	16,402	12,321	15,867	3,491	66,665
% OF GRAND TOTALS	27.88%	24.60%	18.48%	23.80%	5.24%	100.00%
NET OPERATING INCOME	$35,781	$39,911	$22,060	$25,315	$ 7,323	$130,390
% OF GRAND TOTALS	27.44%	30.61%	16.92%	19.41%	5.62%	100.00%

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

	THREE MONTHS ENDED SEPTEMBER 30, 2000	THREE MONTHS ENDED SEPTEMBER 30, 1999
Net Operating Income	$151,279	$130,390
Add:		
Development and management services	2,693	3,706
Interest income	1,187	1,376
Less:		
General and administrative	(9,871)	(7,383)
Interest expense	(54,752)	(51,768)
Depreciation and amortization	(32,436)	(31,078)
Income before minority interests and joint venture income	$ 58,100	$ 45,243

11. SUBSEQUENT EVENTS

On October 2, 2000, the Company refinanced the mortgage loan on 601 and 651 Gateway Boulevard that consisted of replacing the $75.0 million mortgage loan with a $90.0 million loan. The new financing bears interest at a fixed rate equal to 8.40% and matures in October 2010.

On October 6, 2000, the Company entered into a joint venture that was formed to develop One and Two Discovery Square, two Class A office buildings in Reston, Virginia totaling 362,868 square feet. The Company's interest in this joint venture is 50%.

On October 12, 2000, the Company closed on bond financing totaling $57.61 million collateralized by the New Dominion Tech Park, Building One development project in Herndon, Virginia. Such financing matures in October 2020 and bears interest at a rate of 7.58%. The proceeds of $57.61 million will be funded into an escrow and held until the New Dominion Tech Park, Building One is completed, which is estimated to be in December 2000. At that time, the current construction loan will be paid off and the remaining proceeds will be available to the Company.

On October 13, 2000, the Company disposed of 1950 Stanford Court, a single story industrial building totaling 53,250 square feet, and an adjacent parcel of land totaling approximately two acres in Landover, Maryland, for approximately $2.2 million.

On October 31, 2000 the Company completed a public offering of 17,110,000 shares of Common Stock at a price per share to the public of $39.0625 (including 2,110,000 shares issued as a result of the exercise of an overallotment option by the underwriters) resulting in net proceeds of approximately $634 million. The Company used a portion of the proceeds to repay the balance on the Unsecured Line of Credit.

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.

From January 1, 1999 through September 30, 2000, the Company increased its in-service portfolio from 110 properties to 127 properties (the "Total Portfolio"). As a result of the growth in the Company's Total Portfolio, the financial data presented below shows significant changes in revenues and expenses from period to period. The Company does not believe that its period-to-period financial data are comparable. Therefore, the comparison of operating results for the three and nine months ended September 30, 2000 and 1999 show separately changes attributable to the properties that were owned by the Company for all of each period compared (the "Same Property Portfolio") and the changes attributable to the Total Portfolio.

RESULTS OF OPERATIONS

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2000 TO THE NINE MONTHS ENDED SEPTEMBER 30, 1999.

The table below reflects selected operating information for the Same Property Portfolio and the Total Portfolio. The Same Property Portfolio consists of the 109 properties acquired or placed in service on or prior to January 1, 1999.

	SAME PROPERTY PORTFOLIO			
(DOLLARS IN THOUSANDS)	2000	1999	INCREASE/ (DECREASE)	% CHANGE
Revenue:				
Rental revenue	$559,908	$528,102	$31,806	6.02%
Development and management services	--	--	--	--
Interest and other	--	--	--	--
Total revenue	559,908	528,102	31,806	6.02%
Expenses:				
Operating	173,930	169,847	4,083	2.40%
Net Operating Income	385,978	358,255	27,723	7.74%
General and administrative	--	--	--	--
Interest	--	--	--	--
Depreciation and amortization	85,382	82,573	2,809	3.40%
Income before minority interests and joint venture income	$300,596	$275,682	$24,914	9.04%

(DOLLARS IN THOUSANDS)	TOTAL PORTFOLIO 2000	1999	INCREASE/ (DECREASE)	% CHANGE
Revenue:				
Rental revenue	$639,090	$564,411	$74,679	13.23%
Development and management services	8,432	11,364	(2,932)	(25.80)%
Interest and other	3,304	5,642	(2,338)	(41.44)%
Total revenue	650,826	581,417	69,409	11.94%
Expenses:				
Operating	197,366	184,321	13,045	7.08%
Net Operating Income	453,460	397,096	56,364	14.19%
General and administrative	25,868	21,345	4,523	21.19%
Interest	166,210	151,446	14,764	9.75%
Depreciation and amortization	97,062	88,315	8,747	9.90%
Income before minority interests and joint venture income	$164,320	$135,990	$28,330	20.83%

The increase in rental revenues in the Same Property Portfolio is primarily a result of an overall increase in rental rates on new leases and rollovers and an increase in occupancy. The additional increase in rental revenues for the Total Portfolio is primarily a result of the revenues earned on the properties acquired or placed-in-service after January 1, 1999.

The decrease in development and management services revenue is mainly due to contracts ending in 1999 which totaled approximately $3.4 million for the nine months ended September 30, 1999 offset by new contracts for management and development services for the three months ended September 30, 2000 of approximately $0.8 million.

The decrease in interest and other revenue is primarily due to interest income earned on $420.1 million of notes receivable related to the Embarcadero Center acquisition during the nine months ended September 30, 1999.

Property operating expenses (real estate taxes, utilities, repairs and maintenance, cleaning and other property related expenses) in the Same Property Portfolio increased mainly due to increases in real estate taxes and cleaning. Property operating expenses for the Total Portfolio increased mainly due to the properties acquired or placed-in-service after January 1, 1999.

General and administrative expenses increased due to the increase in the overall size of the Total Portfolio since January 1, 1999. In addition, the Company incurred a $2.3 million charge, including a non-cash component of $2.0 million during the quarter ended September 30, 2000 related to departure of a former Senior Officer.

Interest expense increased due to new and assumed mortgage indebtedness, including draws on construction loans and the increased use of the Company's unsecured revolving line of credit (the "Unsecured Line of Credit").

Depreciation and amortization expense for the Same Property Portfolio increased as a result of capital and tenant improvements made since September 30, 1999. Depreciation and amortization expense for the Total Portfolio increased mainly due to the properties acquired or placed-in-service after January 1, 1999.

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 2000 TO THE THREE MONTHS ENDED SEPTEMBER 30, 1999.

The table below reflects selected operating information for the Same Property Portfolio and the Total Portfolio. The Same Property Portfolio consists of the 112 properties acquired or placed in service on or prior to July 1, 1999.

	SAME PROPERTY PORTFOLIO			
(DOLLARS IN THOUSANDS)	2000	1999	INCREASE/ (DECREASE)	% CHANGE
Revenue:				
Rental revenue	$201,865	$187,938	$13,927	7.41%
Development and management services	--	--	--	--
Interest and other	--	--	--	--
Total revenue	201,865	187,938	13,927	7.41%
Expenses:				
Operating	62,578	62,799	(221)	(0.35)%
Net Operating Income	139,287	125,139	14,148	11.31%
General and administrative	--	--	--	--
Interest	--	--	--	--
Depreciation and amortization	30,097	29,316	781	2.66%
Income before minority interests and joint venture income	$109,190	$ 95,823	$13,367	13.95%

	TOTAL PORTFOLIO			
(DOLLARS IN THOUSANDS)	2000	1999	INCREASE/ (DECREASE)	% CHANGE
Revenue:				
Rental revenue	$219,433	$197,055	$22,378	11.36%
Development and management services	2,693	3,706	(1,013)	(27.33)%
Interest and other	1,187	1,376	(189)	(13.74)%
Total revenue	223,313	202,137	21,176	10.48%
Expenses:				
Operating	68,154	66,665	1,489	2.23%
Net Operating Income	155,159	135,472	19,687	14.53%
General and administrative	9,871	7,383	2,488	33.70%
Interest	54,752	51,768	2,984	5.76%
Depreciation and amortization	32,436	31,078	1,358	4.37%
Income before minority interests and joint venture income	$ 58,100	$ 45,243	$12,857	28.42%

The increase in rental revenues in the Same Property Portfolio is primarily a result of an overall increase in rental rates on new leases and rollovers, an overall increase in occupancy and $2.4 million of lease termination fees recognized during the quarter. The additional increase in rental revenues for the Total Portfolio is primarily a result of the properties acquired or placed-in-service after July 1, 1999.

The decrease in development and management services revenue is mainly due to contracts which ended in 1999 and totaled approximately $1.4 million for the three months ended September 30, 1999 offset by fees earned on new management and development deals of approximately $0.4 for the three months ended September 30, 2000.

The decrease in interest and other revenue is primarily due to lower average cash balances maintained during the quarter ended September 30, 2000.

Property operating expenses (real estate taxes, utilities, repairs and maintenance, cleaning and other property related expenses) in the Total Portfolio increased due to the properties acquired or placed-in-service after July 1, 1999.

General and administrative expenses increased mainly due to the $2.3 million charge, including a non-cash component of $2.0 million, related to the departure of a former Senior Officer. The remaining increase is due to the increase in the overall size of the Total Portfolio since September 30, 1999 resulting from property acquisitions and properties placed in service.

Interest expense increased mainly due to new mortgage indebtedness, including draws on construction loans, and the increased use of the Unsecured Line of Credit.

Depreciation and amortization expense for the Total Portfolio increased due to the properties acquired or placed-in-service on or after July 1, 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated indebtedness at September 30, 2000 was approximately $3.5 billion and bore interest at a weighted average interest rate of approximately 7.30% per annum. Based on the Company's total market capitalization at September 30, 2000 of approximately $8.0 billion, the Company's consolidated debt represents 43.1% of its total market capitalization.

The Company has a $605 million Unsecured Line of Credit with Fleet National Bank, as agent. The Company uses the Unsecured Line of Credit principally to facilitate its development and acquisition activities and for working capital purposes. As of November 7, 2000, the Company had $0 drawn under the Unsecured Line of Credit.

The following represents the outstanding principal balances due under the first mortgages at September 30, 2000:

PROPERTIES	INTEREST RATE	PRINCIPAL AMOUNT (IN THOUSANDS)	MATURITY DATE
Embarcadero Center One, Two and Federal Reserve	6.70%	$ 313,819	December 10, 2008
Prudential Center	6.72%	292,775	July 1, 2008
599 Lexington Avenue	7.00%	225,000(1)	July 19, 2005
280 Park Avenue	7.00%	219,267(2)	September 11, 2002
5 Times Square	8.62%	161,199(3)	January 26, 2003
Embarcadero Center Four	6.79%	155,225	February 1, 2008
875 Third Ave	8.00%	151,473(4)	December 31, 2002
Embarcadero Center Three	6.40%	146,782	January 1, 2007
Two Independence Square	8.09%	116,865(5)	February 27, 2003
Riverfront Plaza	6.61%	116,222	February 1, 2008
Democracy Center	7.05%	107,843	April 1, 2009
Embarcadero Center West Tower	6.50%	97,894	January 1, 2006
100 East Pratt Street	6.73%	92,238	November 1, 2008
The Gateway	8.23%	75,000(6)	September 30, 2000
One Independence Square	8.12%	74,429(5)	August 21, 2001
Reservoir Place	6.88%	74,321(7)	November 1, 2006
One and Two Reston Overlook	7.45%	68,302	September 1, 2004
2300 N Street	6.88%	66,000	August 3, 2003
Capital Gallery	8.24%	57,336	August 15, 2006

PROPERTIES	INTEREST RATE	PRINCIPAL AMOUNT (IN THOUSANDS)	MATURITY DATE
111 Huntington Avenue	8.62%	52,533(8)	September 27, 2002
10 and 20 Burlington Mall Road	8.33%	37,000(9)	October 1, 2001
Ten Cambridge Center	8.27%	35,816	May 1, 2010
1301 New York Avenue	6.70%	32,833(10)	August 15, 2009
New Dominion Technology Park	8.22%	31,883(11)	January 4, 2001
Eight Cambridge Center	7.73%	28,483	July 15, 2010
510 Carnegie Center	7.39%	27,764	January 1, 2008
Sumner Square	8.19%	26,825(12)	April 22, 2004
Lockheed Martin Building	6.61%	26,414	June 1, 2008
University Place	6.94%	25,390	August 1, 2021
Orbital Sciences, Buildings One and Three	8.27%	25,207(13)	August 9, 2002
Reston Corporate Center	6.56%	24,928	May 1, 2008
206 Carnegie Center	8.13%	23,000	October 1, 2010
191 Spring Street	8.50%	22,879	September 1, 2006
Bedford Business Park	8.50%	21,845	December 10, 2008
NIMA Building	6.51%	21,598	June 1, 2008
214 Carnegie Center	8.13%	21,000	October 1, 2010
202 Carnegie Center	8.13%	19,000	October 1, 2010
506 Carnegie Center	7.39%	17,558	January 1, 2008
508 Carnegie Center	7.39%	16,317	January 1, 2008
504 Carnegie Center	7.39%	14,632	January 1, 2008
2600 Tower Oaks Boulevard	8.53%	11,218	October 10, 2002
101 Carnegie Center	7.66%	8,419	April 1, 2006
Montvale Center	8.59%	7,586	December 1, 2006
Newport Office Park	8.13%	6,001	July 1, 2001
Hilltop Business Center	6.81%	5,790	March 1, 2019
302 Carnegie Center	8.52%	5,033(14)	March 15, 2003
Quorum Way	8.27%	4,456(15)	August 30, 2003
Orbital Sciences, Building Two	8.27%	4,243	June 13, 2003
201 Carnegie Center	7.08%	494	February 1, 2010
Total		$3,218,135	

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(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) As a result of a swap agreement, outstanding principal of $213,000 bears interest at a fixed rate of 7.00%. The remaining $6,267 bears interest at a floating rate equal to LIBOR + 1.00%.

(3) Total construction loan in the amount of $420.0 million at a variable rate of LIBOR + 2.00%.

(4) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note at its inception. The actual principal balance at September 30, 2000 was $149,200 and the interest rate was 8.75%.

(5) The principal amount and interest rate shown has been adjusted to reflect the effective rates on the loans. The actual principal balances at June 30, 2000 were $117,219 and $74,688, respectively. The actual interest rates are 8.50% and continue at such rates through the loan expiration.

(6) Outstanding principal bears interest at a floating rate equal to LIBOR + 1.60%. This loan was replaced on October 2, 2000 with a ten-year mortgage for a principal amount of $90 million bearing interest at a rate of 8.4% per annum.

(7) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at September 30, 2000 was $65,620 and the interest rate was 9.09%.

(8) Total construction loan in the amount of $203.0 million at a variable rate of LIBOR + 2.00%.

(9) Includes outstanding indebtedness collateralized by 91 Hartwell Avenue and 92 and 100 Hayden Avenue.

(10) Includes outstanding principal in the amounts of $20,000, $8,742 and $4,091 which bear interest at fixed rates of 6.70%, 8.54% and 6.75%, respectively.

(11) Total construction loan in the amount of $48.6 million at a variable rate of LIBOR + 1.60%. We have entered into an agreement to replace this construction loan. This new 20-year bond financing is for a principal amount of $57.6 million and bears interest at a rate equivalent to 7.58% per annum and will remain in escrow until initial occupancy, which is expected in December 2000.

(12) The outstanding principal bears interest at a rate equal to LIBOR + 1.50%.

(13) Total construction loan in the amount of $27.0 million at a variable rate of LIBOR + 1.65%.

(14) Total construction loan in the amount of $10.0 million at a variable rate of LIBOR + 1.90%.

(15) Total construction loan in the amount of $32.25 million at a variable rate of LIBOR + 1.65%.

The Company expects to meet its short-term liquidity requirements, including its quarterly dividend and distribution 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 September 30, 2000, the Company's recurring capital expenditures totaled $3.3 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.

The Company has development projects currently in process, which require commitments to fund to completion. Commitments under these arrangements totaled approximately $740.1 million as of September 30, 2000. The Company expects to fund these commitments using available cash, construction loans 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 or the Unsecured Line of Credit.

FUNDS FROM OPERATIONS

Management believes that Funds from Operations, FFO, 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 FFO in accordance with standards established by the White Paper on FFO approved by the Board of Governors of NAREIT in 1995 and clarified in 1999, which may differ from the methodology for calculating FFO operations utilized by other equity REITs, and accordingly, may not be comparable to such other REITs. The White Paper defines FFO as net income (loss) (computed in accordance with accounting principles generally accepted in the United States, "GAAP"), excluding gains (losses) from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Effective January 1, 2000, the calculation of FFO includes non-recurring events, except for those that are defined as "extraordinary items" under GAAP and gains and losses from sales of depreciable operating property. The revised definition of Funds from Operations did not have a material impact on the Company's calculation. FFO 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. FFO 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, FFO 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 September 30, 2000 and 1999 (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30, 2000	THREE MONTHS ENDED SEPTEMBER 30, 1999
Income before minority interests and joint venture income	$58,100	$45,243
Add:		
Real estate depreciation and amortization	33,007	30,882
Income from unconsolidated joint ventures	549	206
Less:		
Minority property partnerships' share of Funds from Operations	(284)	(211)
Preferred dividends and distributions	(8,248)	(8,303)
Funds from Operations	$83,124	$67,817
Funds from Operations Available to Common Shareholders (74.04% and 74.03%, respectively)	$61,543	$50,207

Reconciliation to Diluted Funds from Operations:

	THREE MONTHS ENDED SEPTEMBER 30, 2000		THREE MONTHS ENDED SEPTEMBER 30, 1999	
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	INCOME (NUMERATOR)	SHARES (DENOMINATOR)
Funds from Operations	$83,124	92,860	$67,817	91,718
Effect of Dilutive Securities				
Convertible Preferred Units	6,605	10,370	6,649	10,377
Convertible Preferred Stock	1,643	2,625	1,654	2,625
Stock Options	--	1,909	--	583
Diluted Funds from Operations	$91,372	107,764	$76,120	105,303
Company's share of Diluted Funds From Operations (77.63% and 77.38%, respectively)	$70,931	83,657	$58,902	81,485

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 following factors, among others, could cause actual results, performance or achievements of the Company to differ materially from those set forth or contemplated in the forward-looking statements made in this report: general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate); risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments; failure to manage effectively the Company's growth and expansion into new markets or to integrate acquisitions successfully; risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities); risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets; costs of compliance with the Americans with Disabilities Act and other similar laws; potential liability for uninsured losses and environmental contamination; risks associated with the Company's potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended, and possible adverse changes in tax and environmental laws; and risks associated with the Company's dependence on key personnel whose continued service is not guaranteed.

NEWLY ISSUED ACCOUNTING STANDARD

Financial Accounting Standards No. 133 "Accounting for Certain Derivative Instruments and Hedging Activities", as amended by Financial Accounting Standards No. 137 and 138, is effective for the first quarter of 2001. The Company is in the process of evaluating the effect of implementing these standards.

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.

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 primarily 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 September 30, 2000 ranged from LIBOR plus 1.00% to LIBOR plus 2.00%. During January 2000, the Company entered into three interest rate hedge agreements for a total amount of $450.0 million. The agreements provide for a fixed interest rate when LIBOR floats between 0% and 5.80% or 5.00% to 5.60% and when LIBOR ranges from 6.35% to 7.95% for terms ranging from three to five years, per terms of the agreements. During May, 2000, the Company entered into an additional interest rate hedge agreement for another $150.0 million. The agreement provides for a fixed interest rate when LIBOR floats between 7.51% and 9.00%, for a term of 3 years, per terms of the agreement

	MORTGAGE DEBT (IN THOUSANDS)							
	2000	2001	2002	2003	2004	THEREAFTER	TOTAL	FAIR VALUE
Fixed Rate	$ 9,715	$159,790	$385,363	$215,758	$104,162	$1,938,750	$2,813,538	$2,813,538
Weighted Average Interest Rate	6.99%	7.84%	7.37%	7.49%	7.17%	6.84%	7.11%	
Variable Rate	$75,000	$ 31,883	$ 95,958	$174,931	$ 26,825	--	$ 404,597	$ 404,597

PART II. OTHER INFORMATION

ITEM 2--CHANGES IN SECURITIES

On August 22, 2000, the Company acquired the remaining 50% interest in the development rights at the Prudential Center in Boston, Massachusetts for consideration that included the issuance of 439,059 shares of Common Stock. Such Common Stock was 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 July 25, 2000 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 June 30, 2000.

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.

November 14, 2000

By: /s/ DOUGLAS T. LINDE

Douglas T. Linde
CHIEF FINANCIAL OFFICER (DULY AUTHORIZED OFFICER AND PRINCIPAL FINANCIAL OFFICER)

5
1,000

9-MOS	3-MOS
DEC-31-2000	DEC-31-2000
JAN-01-2000	JUL-01-2000
SEP-30-2000	SEP-30-2000
12,430	0
14,065	0
40,039	0
0	0
0	0
0	0
5,228,622	0
554,339	0
5,611,117	0
0	0
3,453,135	0
0	0
100,000	0
693	0
1,095,383	0
5,611,117	0
639,090	219,433
650,826	223,313
0	0
197,366	68,154
122,930	42,307
0	0
166,210	54,752
164,320	58,100
0	0
0	0
0	0
0	0
0	0
103,254	36,530
1.51	0.53
1.48	0.52