

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class -----	Name of Exchange on Which Registered -----
Common Stock, Par Value \$.01	New York Stock Exchange
Preferred Stock Purchase Rights	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 14, 2001, the aggregate market value of the 85,291,023 shares of common stock held by non-affiliates of the Registrant was \$3,389,465,254 based upon the closing price of \$39.74 on the New York Stock Exchange composite tape on such date. (For this computation, the Registrant has excluded the market value of all shares of common stock reported as beneficially owned by executive officers and directors of the Registrant; such exclusion shall not be deemed to constitute an admission that any such person is an affiliate of the Registrant.) As of March 14, 2001, there were 89,701,122 shares of Common Stock outstanding.

Certain information contained in the Registrant's Proxy Statement relating to its Annual Meeting of Stockholders to be held May 2, 2001 are incorporated by reference in Part III, Items 10, 11, 12 and 13.

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PART I

Item 1. Business

General

As used herein, the terms "we," "us," "our" or the "Company" refer to Boston Properties, Inc., a Delaware corporation organized in 1997, individually or together with its subsidiaries, including Boston Properties Limited Partnership, a Delaware limited partnership, and our predecessors. We are a fully integrated self-administered and self-managed real estate investment trust or "REIT" and one of the largest owners and developers of office properties in the United States. Our properties are concentrated in four core markets - Boston, Washington, D.C., midtown Manhattan and San Francisco. We conduct substantially all our business through Boston Properties Limited Partnership. At December 31, 2000 we owned 145 properties, totaling 37.9 million net rentable square feet. Our properties consisted of 134 office properties, comprised of 103 Class A office buildings and 31 properties that support both office and technical uses, including 15 properties under construction, eight industrial properties and three hotels. We consider Class A office buildings to be centrally located buildings that are professionally managed and maintained, attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings.

We have a \$605 million unsecured revolving line of credit with Fleet National Bank, as agent, which expires in March 2003. As of March 14, 2001, zero was outstanding under our unsecured revolving line of credit. You should refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for additional information regarding our unsecured revolving line of credit and our other indebtedness.

We are a full service real estate company, with substantial in-house expertise and resources in acquisitions, development, financing, construction management, property management, marketing, leasing, accounting, tax and legal services. As of December 31, 2000, we had over 600 employees. Our 25 senior officers, together with Mr. Mortimer Zuckerman, Chairman of our board of directors, have an average of 24 years experience in the real estate industry and an average of 14 years tenure with us. Our principal executive office is located at 800 Boylston Street, Boston, Massachusetts 02199 and its telephone number is (617) 236-3300. In addition, we have regional offices at 401 9th Street, NW, Washington, D.C. 20004; 599 Lexington Avenue, New York, New York 10022; Four Embarcadero Center, San Francisco, California 94111; and 502 Carnegie Center, Princeton, New Jersey 08540.

Boston Properties Limited Partnership

Boston Properties Limited Partnership, a Delaware limited partnership, is the entity through which we conduct substantially all of our business and own (either directly or through subsidiaries) substantially all of our assets. We are the sole general partner and, as of March 14,

2001, the owner of approximately 74.3% of the economic interests in Boston Properties Limited Partnership. This structure is commonly referred to as an umbrella partnership REIT or "UPREIT". Our general and limited partnership interests in Boston Properties Limited Partnership entitle us to share in cash distributions from, and in the profits and losses of, Boston Properties Limited Partnership in proportion to our percentage interest therein and entitle us to vote on all matters requiring a vote of the limited partners. The other partners of Boston Properties Limited Partnership are persons who contributed their direct or indirect interests in certain properties to Boston Properties Limited Partnership in exchange for common units of limited partnership interest in Boston Properties Limited Partnership or preferred units of limited partnership interest in Boston Properties Limited Partnership. Pursuant to the limited partnership agreement of Boston Properties Limited Partnership, as amended, unitholders may tender their common units of Boston Properties Limited Partnership for cash equal to the value of an equivalent number of shares of our common stock. In lieu of delivering cash, however, we may, at our option, choose to acquire any units so tendered by issuing common stock in exchange for the units. Our common stock will be exchanged for units on a one-for-one basis. This one-for-one exchange ratio may be adjusted to prevent dilution. We currently anticipate that we will elect to issue our common stock in connection with each such presentation for redemption rather than having Boston Properties Limited Partnership pay cash. With each such exchange or redemption, our percentage ownership in Boston Properties Limited Partnership will increase. In addition, whenever we issue shares of our common stock other than to acquire common units of Boston Properties Limited Partnership, we must contribute any net proceeds we receive to Boston Properties Limited Partnership and Boston Properties Limited Partnership must issue to us an equivalent number of common units of Boston Properties Limited Partnership.

Preferred units of Boston Properties Limited Partnership have the rights, preferences and other privileges (including the right to convert into common units of Boston Properties Limited Partnership) as are set forth in amendments to the limited partnership agreement of Boston Properties Limited Partnership. Boston Properties Limited Partnership currently has four series of its preferred units (excluding preferred units held by Boston Properties, Inc.). The Series One preferred units have an aggregate liquidation preference of approximately \$85 million and bear a preferred distribution at a rate of 7.25% per annum, payable quarterly. Series One units are convertible into common units at the rate of \$38.25 per common unit at the holder's election at any time. We also have the right to convert into common units of Boston Properties Limited Partnership all or part of the Series One units on or after June 3, 2003, if our common stock at the time of our election is trading at a price of at least \$42.08 per share.

The Series Two and Series Three preferred units, which together have an aggregate liquidation preference of approximately \$311 million, have, between each other, similar economic terms. On and after December 31, 2002, the Series Two and Series Three units will be convertible, at the holder's election, into common units at a conversion price of \$38.10 per common unit. Distributions on the Series Two and Series Three units are payable quarterly and generally accrue at rates of: 5.0% per annum through March 31, 1999; 5.5% through December 31, 1999; 5.625% through December 2000; 6.0% through December 31, 2001; 6.5% through December 31, 2002; 7.0% until May 12, 2009; and 6.0% thereafter. The terms of the Series Two and Series Three units provide that they may be redeemed for cash in six annual tranches,

beginning on May 12, 2009, at the election of us or the holders. We also have the right to convert into common units of Boston Properties Limited Partnership any Series Two and Series Three units that are not redeemed when they are entitled to redemption.

The Series Z preferred units have an aggregate liquidation preference of the greater of the value of our common stock or \$37.25 per unit. The Series Z preferred units are not entitled to receive any distributions until after August 11, 2001. From August 11, 2001 until February 11, 2002, each Series Z preferred unit entitles its holder to receive one-half of any distributions paid on a common unit. After February 11, 2002, to the extent that any Series Z preferred units are still outstanding, each Series Z preferred unit entitles its holder to receive an amount equal to 100% of any distributions paid on a common unit. The Series Z preferred units will automatically convert into common units on February 11, 2002 or, if later, the date on which we register with the Securities and Exchange Commission the shares of our common stock issuable in exchange for the common units into which the Series Z units are convertible.

Real Estate Acquisitions during 2000

On January 12, 2000, we acquired our joint venture partner's 75% interest in One and Two Reston Overlook, an unconsolidated joint venture, for cash of approximately \$15.2 million and the assumption of approximately \$69.0 million in debt.

On March 1, 2000, we acquired three Class A office buildings totaling approximately 408,163 square feet at Carnegie Center in Princeton, New Jersey, under the terms of the original Carnegie Center Portfolio acquisition. The properties were acquired from a related party for approximately \$66.5 million, which was funded through the assumption of debt of approximately \$49.0 million at a rate of 7.39% and the issuance of 577,817 common units of partnership interest in Boston Properties Limited Partnership valued at approximately \$17.5 million. The acquisition was approved by a vote of our independent directors.

On August 22, 2000, we 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 our common stock.

On December 1, 2000, we acquired the leasehold interest and ground rent credits at the site of the future Times Square Tower in midtown Manhattan, for approximately \$165.1 million in cash. This development will consist of a 47-floor, 1.2 million square foot office tower.

Developments Placed in Service during 2000

In the second quarter of 2000, the Orbital Sciences project was placed-in-service. This project consists of two Class A office buildings totaling approximately 174,832 square feet and is located in Dulles, VA. We developed this project, in which we have a 100% interest, at a total cost to us of approximately \$30.5 million.

In the fourth quarter of 2000, the 140 Kendrick Street project was placed-in-service. This

project consists of three Class A office buildings totaling approximately 381,000 square feet and is located in Needham, Massachusetts. We developed the project, in which we have a 25% interest, at a total cost to us of approximately \$18.8 million.

In the fourth quarter of 2000, the Market Square North project was placed-in-service. This project consists of a Class A office building totaling approximately 401,255 square feet and is located in Washington, D.C. We developed the project, in which we have a 50% interest, at a total cost to us of approximately \$59.2 million.

New Joint Venture with Financial Partner during 2000

On May 12, 2000, we entered into a joint venture with the New York State Common Retirement Fund. The initial term of the joint venture agreement runs for three years or until the New York State Common Retirement Fund's equity commitment of \$270 million is met, although it has the right to increase its financial commitment prior to the end of the third year. During the term of the joint venture agreement, New York State Common Retirement Fund has the right to participate in our acquisition opportunities and development projects that we pursue with an institutional partner. We will manage the development and operation of all joint venture properties.

On May 12, 2000, pursuant to the joint venture agreement, the New York State Common Retirement Fund acquired partial interests in two properties that we previously owned in their entirety. We retained a 51% interest in the first property, Metropolitan Square, a 582,194-square foot office property in Washington, D.C. and a 25% interest in the second property, 140 Kendrick Street, a 381,000-square foot build-to-suit development property in Needham, Massachusetts. The interests in the properties were acquired for cash of approximately \$46.7 million and the assumption of debt of approximately \$88.2 million and resulted in a gain to us of \$0.4 million.

On September 13, 2000, we acquired a 35% interest in 265 Franklin Street, a 325,699 square foot office property in Boston, Massachusetts through our joint venture with the New York State Common Retirement Fund, which acquired 65% of this property. Our interest in this property was acquired with cash and new debt financing totaling approximately \$34.3 million.

On December 8, 2000, we agreed with the New York State Common Retirement Fund to develop 901 New York Avenue, a Class A office building in Washington, D.C. totaling 550,000 square feet. We have a 25% interest and manage the development of the property, while the New York State Common Retirement Fund owns a 75% interest.

Equity Financing Activities during 2000

On August 22, 2000, we 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 at the Prudential Center in Boston, Massachusetts.

On October 31, 2000, we completed a public offering of 17,110,000 shares of our common stock at a price per share 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 to us of approximately \$633.8 million.

Business and Growth Strategies

Business Strategy

Our primary business objective is to maximize return on investment so as to provide our stockholders with the greatest possible total return. Our strategy to achieve this objective is:

- o to concentrate on a few carefully selected markets and to be one of, if not the leading, owner and developer in each of those markets. We select markets and submarkets where tenants have demonstrated a preference for high quality office buildings and other facilities.
- o to emphasize markets and submarkets within those markets where there are barriers to the creation of new supply and where skill, financial strength and diligence are required to successfully develop and manage high quality office, research and development and/or industrial space.
- o to take on complex, technically challenging projects, leveraging the skills of our management team to successfully develop, acquire or reposition properties which other organizations may not have the capacity or resources to pursue.
- o to concentrate on high quality, state-of-the-art real estate designed to meet the demands of today's knowledge-based tenants and to manage those facilities so as to become the landlord of choice for both existing and prospective clients.
- o to opportunistically acquire assets which increase our penetration in the markets in which we have chosen to concentrate and which exhibit an opportunity to improve returns through repositioning, changes in management focus and re-leasing as existing leases terminate.

Growth Strategies

External Growth

We believe that we are well positioned to realize significant growth through external asset development and acquisition. We believe that our development experience and our organizational depth position us to continue to develop a range of property types, from single-story suburban office properties to high-rise urban developments, within budget and on schedule. Other factors that contribute to our competitive position include:

- o the significant increase in demand for new, high quality office space in our core markets;
- o our control of sites (including sites under contract or option to acquire) in our core markets that will support approximately 10.6 million square feet of new office development;
- o our reputation gained through the stability and strength of our existing portfolio of properties;
- o our relationships with leading national corporations and public institutions seeking new facilities and development services;
- o our relationships with nationally recognized financial institutions that provide capital to the real estate industry; and
- o the substantial amount of commercial real estate owned by domestic and foreign institutions, private investors, and corporations who are seeking to sell these assets in our market areas.

We have targeted three areas of development and acquisition as significant opportunities to execute our external growth strategy:

- o Pursue development in selected submarkets. We believe that development of well-positioned office buildings is and will continue to be justified in many of our submarkets. We believe in acquiring land in response to market conditions that allow for its development in the relative near term. While we purposely concentrate in markets with high barriers to entry, we have demonstrated over our 30 year history an ability to make carefully timed land acquisitions in submarkets where we can become one of the market leaders in establishing rent and other business terms. We believe that there are opportunities in our existing and other markets for a well capitalized developer to acquire land with development potential at key locations.

In the past, we have been particularly successful at acquiring sites or options to purchase sites that need governmental approvals. Because of our development expertise, knowledge of the governmental approval process and reputation for quality development with local government approval regulatory bodies, we generally have been able to secure the permits necessary to allow development, and profit from the

resulting increase in land value. We seek out complex projects where we can add value through the efforts of our experienced and skilled management team leading to significantly enhanced returns on investment.

- o Acquire assets and portfolios of assets from institutions or individuals. We believe that due to our size, management strength and reputation, we are in an advantageous position to acquire portfolios of assets or individual properties from institutions or individuals. We may acquire properties for cash, but we believe that we are particularly well positioned to appeal to sellers wishing to convert on a tax-deferred basis their ownership of property to the ownership of equity in a diversified real estate operating company that offers liquidity through access to the public equity markets. In addition, we may pursue mergers with and acquisitions of compatible real estate firms. Our ability to offer units in Boston Properties Limited Partnership to sellers who would otherwise recognize a gain upon a sale of assets for cash or our common stock may facilitate this type of transaction on a tax-efficient basis.
- o Acquire existing underperforming assets and portfolios of assets. We continue to actively pursue opportunities to acquire existing buildings that, while currently generating income, are either underperforming the market due to poor management or are currently leased at below market rents with anticipated roll-over of space. These opportunities may include the acquisition of entire portfolios of properties. We believe that because of our in-depth market knowledge and development experience in each of our markets, our national reputation with brokers, financial institutions and others involved in the real estate market and our access to competitively-priced capital, we are well-positioned to identify and acquire existing, underperforming properties for competitive prices and to add significant additional value to such properties through our effective marketing strategies and responsive property management program.

Internal Growth

We believe that significant opportunities exist to increase cash flow from our existing properties because they are of high quality and in desirable locations in markets that, in general, are experiencing rising rents, low vacancy rates and increasing demand for office and industrial space. In addition, our properties are in markets where, in general, supply is limited by the lack of available sites and the difficulty of receiving the necessary approvals for development on vacant land. Our strategy for maximizing the benefits from these opportunities is two-fold: (1) to provide high quality property management services using our own employees in order to encourage tenants to renew, expand and relocate in our properties, and (2) to achieve speed and transaction cost efficiency in replacing departing tenants through the use of in-house services for marketing, lease negotiation, and design and construction of tenant improvements. In addition, we believe that our hotel properties will add to our internal growth because of their desirable locations in the downtown Boston and East Cambridge submarkets, which are experiencing high occupancy rates and continued growth in room rates. The effective management of Marriott International, Inc., has resulted in high occupancy, guest satisfaction and growth in room rates

while limiting increases in operating costs. We expect to continue our internal growth as a result of our ability to:

- o Cultivate existing submarkets. In choosing locations for our properties, we have paid particular attention to transportation and commuting patterns, physical environment, adjacency to established business centers, proximity to sources of business growth and other local factors.

Many of these submarkets are experiencing increasing rents and, as a result, current market rates often exceed the rents being paid by our tenants. Based on leases in place at December 31, 2000, leases with respect to 7.27% of our office properties and 13.95% of our industrial properties will expire in calendar year 2001. We believe that leases expiring over the next three years in these submarkets will be renewed, or space re-let, at higher rents than previously in effect.

- o Directly manage properties to maximize the potential for tenant retention. We provide property management services ourselves, rather than contracting for this service, to maintain awareness of and responsiveness to tenant needs. We and our properties also benefit from cost efficiencies produced by an experienced work force attentive to preventive maintenance and energy management and from our continuing programs to assure that our property management personnel at all levels remain aware of their important role in tenant relations. Our philosophy has not been to invest significant capital in technology, but to form alliances to provide better tenant service and realize potential incremental revenues with little additional capital investment.
- o Replace tenants quickly at best available market terms and lowest possible transaction costs. We believe that we have a competitive advantage in attracting new tenants and achieving rental rates at the higher end of our markets as a result of our well located, well designed and well maintained properties, our reputation for high quality building services and responsiveness to tenants, and our ability to offer expansion and relocation alternatives within our submarkets.

The Hotel Properties

To assist in maintaining our status as a REIT, we lease our three hotel properties to ZL Hotel LLC pursuant to a lease that entitles us to a percentage of the gross receipts of our hotel properties. Mr. Mortimer B. Zuckerman, the Chairman of our board of directors, and Edward H. Linde, our President and Chief Executive Officer, are the sole member-managers of, and have a 9.8% economic interest in, ZL Hotel LLC; two unaffiliated public charities own the remaining 90.2% economic interest. Marriott International, Inc. manages our hotel properties under the Marriott(R) name pursuant to a management agreement with ZL Hotel LLC. 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 our qualification as a REIT, we have entered into the participating leases with ZL Hotel LLC described above to provide revenue that qualifies as rental income under the REIT requirements.

Competition

We compete in the leasing of office and industrial space with a considerable number of other real estate companies, some of which may have greater marketing and financial resources. In addition, our hotel properties compete for guests with other hotels, some of which may have greater marketing and financial resources than are available to us and Marriott International, Inc.

Seasonality

Our hotel properties traditionally have experienced significant seasonality in their operating income, with weighted average net operating income by quarter over the three years 1998 through 2000 as follows:

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
----- 14%	----- 29%	----- 32%	----- 25%

Our other properties have not traditionally experienced significant seasonality.

RISK FACTORS

Set forth below are the risks that we believe are material to our stockholders. We refer to the shares of our common and preferred stock and the units of limited partnership interest in Boston Properties Limited Partnership together as our "securities," and the investors who own shares and/or units as our "securityholders." This section includes or refers to certain forward-looking statements. You should refer to the explanation of the qualifications and limitations on such forward-looking statements beginning on page 32.

We may be unable to manage effectively our rapid growth and expansion into new markets.

We have grown rapidly since our initial public offering in June 1997 and have entered or significantly expanded our real estate holdings in new markets. If we do not effectively manage our rapid growth, we may not be able to make expected distributions to our securityholders and the value of our securities may decline.

Our performance and value are subject to risks associated with our real estate assets and with the real estate industry.

Our economic performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our office, industrial, and hotel properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our securityholders will be adversely affected. The following factors, among others, may adversely affect the revenues generated by our office, industrial, and hotel properties:

- o downturns in the national, regional and local economic climate;
- o competition from other office, industrial, hotel and other commercial buildings;
- o local real estate market conditions, such as oversupply or reduction in demand for office, industrial, hotel or other commercial space;
- o changes in interest rates and availability of financing;
- o vacancies or inability to rent spaces on favorable terms;
- o increased operating costs, including insurance premiums, utilities, and real estate taxes; and
- o civil disturbances, earthquakes and other natural disasters or acts of God that may result in uninsured or underinsured losses.

Significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs are generally not reduced when circumstances cause a reduction in revenues from a property.

We are dependent upon the economic climates of our four core markets-Boston, Washington, D.C., midtown Manhattan and San Francisco.

A majority of our revenues are derived from properties located in our four core markets- Boston, Washington, D.C., midtown Manhattan and San Francisco. A downturn in the economies of these core markets, or the impact that a downturn in the overall national economy may have upon these economies, could result in reduced demand for office space. Because our portfolio consists primarily of office buildings (as compared to a more diversified real estate portfolio), a decrease in demand for office space in turn could adversely affect our result from operations. Additionally, there are submarkets within our core markets that are dependent upon a limited number of industries and a significant downturn in one or more of these industries could also adversely affect our results from operations.

Our investment in property development may be more costly than anticipated.

We have a significant development pipeline and intend to continue to develop and substantially renovate office, industrial and hotel properties. Our current and future development and construction activities may be exposed to the following risks:

- o we may be unable to proceed with the development of properties because we cannot obtain financing with favorable terms;
- o we may incur construction costs for a development project which exceed our original estimates due to increased materials, labor or other costs, which could make completion of the project uneconomical because we may not be able to increase rents to compensate for the increase in construction costs;
- o we may be unable to obtain, or face delays in obtaining, required zoning, land-use, building, occupancy, and other governmental permits and authorizations, which could result in increased costs and could require us to abandon our activities entirely with respect to a project;
- o we may abandon development opportunities after we begin to explore them and as a result we may fail to recover expenses already incurred;
- o we may expend funds on and devote management's time to projects which we do not complete;
- o we may be unable to complete construction and leasing of a property on schedule, resulting in increased debt service expense and construction or renovation costs;

- o we may lease developed properties at below expected rental rates; and
- o occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in our investment not being profitable.

Our use of joint ventures may limit our flexibility with jointly owned investments.

We intend to develop and acquire properties in joint ventures with other persons or entities when circumstances warrant the use of this structure. The use of a joint venture vehicle creates a risk of a dispute with our joint venturer's and a risk that we will have to acquire a joint venturer's interest in a development for a price at which or at a time when we would otherwise not purchase such interest. Our joint venture partners may have different objectives from us regarding the appropriate timing and pricing of any sale or refinancing of properties.

In 2000, we entered into a joint venture with the New York State Common Retirement Fund which has agreed to contribute up to \$270 million to acquire and develop properties with us. During the three-year term of this joint venture, the New York State Common Retirement Fund has the right to participate in all of our acquisition opportunities that meet agreed criteria and any development projects that we choose to pursue with an institutional partner.

We face risks associated with property acquisitions.

Since our initial public offering, we have made large acquisitions of properties and portfolios of properties. We intend to continue to acquire properties and portfolios of properties, including large portfolios that could continue to significantly increase our size and alter our capital structure. Our acquisition activities and their success may be exposed to the following risks:

- o we may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including both publicly traded real estate investment trusts and institutional investment funds;
- o even if we enter into an acquisition agreement for a property, it is usually subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;
- o even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price;
- o we may be unable to finance acquisitions on favorable terms;

- o acquired properties may fail to perform as we expected in analyzing our investments;
- o our estimates of the costs of repositioning or redeveloping acquired properties may be inaccurate;
- o acquired properties may be located in new markets where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures; and
- o we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected.

We may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us based upon those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to properties acquired might include:

- o liabilities for clean-up of undisclosed environmental contamination;
- o claims by tenants, vendors or other persons dealing with the former owners of the properties;
- o liabilities incurred in the ordinary course of business; and
- o claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

We face potential difficulties or delays renewing leases or re-leasing space.

We derive most of our income from rent received from our tenants. If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Also, when our tenants decide not to renew their leases, we may not be able to relet the space. Even if tenants decide to renew, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, may be less favorable than current lease terms. As a result, our cash flow could decrease and our ability to make distributions to our securityholders could be adversely affected.

We face potential adverse effects from major tenants' bankruptcies or insolvencies.

The bankruptcy or insolvency of a major tenant may adversely affect the income produced by our properties. Although we have not experienced material losses from tenant

bankruptcies or insolvencies in the past, our tenants could file for bankruptcy protection or become insolvent in the future. We cannot evict a tenant solely because of its bankruptcy. On the other hand, a court might authorize the tenant to reject and terminate its lease with us. In such case, our claim against the bankrupt tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and, even so, our claim for unpaid rent would likely not be paid in full. This shortfall could adversely affect our cash flow and results from operations.

We may have difficulty selling our properties which may limit our flexibility.

Large and high quality office, industrial and hotel properties like the ones that we own can be hard to sell, especially if local market conditions are poor. This may limit our ability to change our portfolio promptly in response to changes in economic or other conditions. In addition, federal tax laws limit our ability to sell properties that we have owned for fewer than four years, and this may affect our ability to sell properties without adversely affecting returns to our stockholders. These restrictions reduce our ability to respond to changes in the performance of our investments and could adversely affect our financial condition and results of operations.

Our properties face significant competition.

We face significant competition from developers, owners and operators of office, industrial and other commercial real estate. Substantially all of our properties face competition from similar properties in the same market. Such competition may effect our ability to attract and retain tenants and may reduce the rents we are able to charge. These competing properties may have vacancy rates higher than our properties, which may result in their owners being willing to make space available at lower prices than the space in our properties.

Because we own three hotel properties, we face the risks associated with the hospitality industry.

We own three hotel properties. We lease these hotel properties to ZL Hotel LLC, in which Mortimer B. Zuckerman, Chairman of our board of directors, and Edward H. Linde, our President and Chief Executive Officer, are the sole member-managers and have a 9.8% economic interest; two unaffiliated public charities have a 90.2% economic interest in ZL Hotel LLC. Marriott International, Inc. manages these hotel properties under the Marriott(R) name pursuant to a management agreement with ZL Hotel LLC. ZL Hotel LLC pays us a percentage of the gross receipts that the hotel properties receive. Because the lease payments we receive are based on a participation in the gross receipts of the hotels, if the hotels do not generate sufficient receipts, our cash flow would be decreased, which could reduce the amount of cash available for distribution to our securityholders. The following factors, among others, are common to the hotel industry, and may reduce the receipts generated by our hotel properties:

- o our hotel properties compete for guests with other hotels, a number of which have greater marketing and financial resources than our hotel-operating business partners;

- o if there is an increase in operating costs resulting from inflation and other factors, our hotel-operating business partners may not be able to offset such increase by increasing room rates;
- o our hotel properties are subject to the fluctuating and seasonal demands of business travelers and tourism; and
- o our hotel properties are subject to general and local economic conditions that may affect demand for travel in general.

Compliance or failure to comply with the Americans with Disabilities Act and other similar laws could result in substantial costs.

The Americans with Disabilities Act generally requires that public buildings, including office buildings and hotels, be made accessible to disabled persons. Noncompliance could result in imposition of fines by the federal government or the award of damages to private litigants. If, pursuant to the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to our securityholders.

We may also incur significant costs complying with other regulations. Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We believe that our properties are currently in material compliance with all of these regulatory requirements. However, we do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results from operations.

Some potential losses are not covered by insurance.

We carry comprehensive liability, fire, flood, extended coverage and rental loss insurance, as applicable, on our properties. We believe our coverage is of the type and amount customarily obtained for or by an owner of similar properties. We believe all of our properties are adequately insured. However, there are certain types of losses, such as from wars or catastrophic acts of nature, for which we cannot obtain insurance or for which we cannot obtain insurance at a reasonable cost. In the event of an uninsured loss or a loss in excess of our insurance limits, we could lose both the revenues generated from the affected property and the capital we have invested in the affected property. We would, however, remain obligated to repay any mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect our business and financial condition and results of operations.

We carry earthquake insurance on our properties located in areas known to be subject to earthquakes in an amount and subject to deductions which we believe are commercially

reasonable. However, the amount of our earthquake insurance coverage may not be sufficient to cover losses from earthquakes. In addition, we may discontinue earthquake insurance on some or all of our properties in the future if the premiums exceed our estimation of the value of the coverage discounted for the risk of loss. If we experience a loss which is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future revenue from those properties. Moreover, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if the properties were irreparable. Any such loss could materially and adversely affect our business and financial condition and results from operations.

Potential liability for environmental contamination could result in substantial costs.

Under federal, state and local environmental laws, ordinances and regulations, we may be required to investigate and clean up the effects of releases of hazardous or toxic substances or petroleum products at our properties, regardless of our knowledge or responsibility, simply because of our current or past ownership or operation of the real estate. If unidentified environmental problems arise, we may have to make substantial payments which could adversely affect our cash flow and our ability to make distributions to our securityholders because:

- o as owner or operator we may have to pay for property damage and for investigation and clean-up costs incurred in connection with the contamination;
- o the law typically imposes clean-up responsibility and liability regardless of whether the owner or operator knew of or caused the contamination;
- o even if more than one person may be responsible for the contamination, each person who shares legal liability under the environmental laws may be held responsible for all of the clean-up costs; and
- o governmental entities and third parties may sue the owner or operator of a contaminated site for damages and costs.

These costs could be substantial and in extreme cases could exceed the value of the contaminated property. The presence of hazardous or toxic substances or petroleum products or the failure to properly remediate contamination may materially and adversely affect our ability to borrow against, sell or rent an affected property. In addition, applicable environmental laws create liens on contaminated sites in favor of the government for damages and costs it incurs in connection with a contamination.

Environmental laws also govern the presence, maintenance and removal of asbestos. Such laws require that owners or operators of buildings containing asbestos:

- o properly manage and maintain the asbestos;
- o notify and train those who may come into contact with asbestos; and

- o undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building.

Such laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Some of our properties are located in urban and industrial areas where fill or current or historic industrial uses of the areas have caused site contamination. Independent environmental consultants have conducted Phase I environmental site assessments at all of our properties. These assessments included, at a minimum, a visual inspection of the properties and the surrounding areas, an examination of current and historical uses of the properties and the surrounding areas and a review of relevant state, federal and historical documents. Where appropriate, on a property-by-property basis, these consultants have conducted additional testing, including sampling for asbestos, for lead in drinking water, for soil contamination where underground storage tanks are or were located or where other past site usages create a potential environmental problem, and for contamination in groundwater. Even though these environmental assessments have been conducted, there is still the risk that:

- o the environmental assessments and updates did not identify all potential environmental liabilities;
- o a prior owner created a material environmental condition that is not known to us or the independent consultants preparing the assessments;
- o new environmental liabilities have developed since the environmental assessments were conducted; and
- o future uses or conditions such as changes in applicable environmental laws and regulations could result in environmental liability for us.

We face risks associated with the use of debt to fund acquisitions and developments, including refinancing risk.

We are subject to the risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. We anticipate that only a small portion of the principal of our debt will be repaid prior to maturity. Therefore, we are likely to need to refinance at least a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of the existing debt. If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new equity capital, our cash flow will not be sufficient to repay all maturing debt in years when significant "balloon" payments come due.

Rising interest rates would increase our interest costs.

We currently have, and may incur more, indebtedness that bears interest at variable rates. Accordingly, if interest rates increase, so will our interest costs, which would adversely affect our cash flow, our ability to service debt and our ability to make distributions to our securityholders.

We have no corporate limitation on the amount of debt we can incur.

Our management and board of directors have discretion under our certificate of incorporation and bylaws to increase the amount of our outstanding debt. Our decisions with regard to the incurrence and maintenance of debt are based on available investment opportunities for which capital is required, the cost of debt in relation to such investment opportunities, whether secured or unsecured debt is available, the effect of additional debt on existing financial ratios and the maturity of the proposed new debt relative to maturities of existing debt. We could become more highly leveraged, resulting in increased debt service costs that could adversely affect our cash flow and the amount available for payment of dividends. If we increase our debt we may also increase the risk we will be unable to repay our debt.

Our financial covenants could adversely affect our financial condition.

The mortgages on our properties contain customary negative covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. In addition, our credit facilities contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to assets ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. Our ability to borrow under our credit facilities is subject to compliance with our financial and other covenants. We rely on borrowings under our credit facilities to finance acquisitions and development activities and for working capital, and if we are unable to borrow under our credit facilities, or to refinance existing indebtedness our financial condition and results of operations would likely be adversely impacted. If we breach covenants in our debt agreements, the lender can declare a default and require us to repay the debt immediately and, if the debt is secured, can immediately take possession of the property securing the loan. In addition, our credit facilities are cross-defaulted to our other indebtedness, which would give the lenders under our other credit facilities the right also to declare a default and require immediate repayment.

Our degree of leverage could limit our ability to obtain additional financing or affect the market price of our common stock.

Debt to Market Capitalization Ratio is a measure of our total debt as a percentage of the aggregate of our total debt plus the market value of our outstanding securities. Our Debt to Market Capitalization Ratio was approximately 38.7% as of December 31, 2000. To the extent that our board of directors uses our Debt to Market Capitalization Ratio as a measure of

appropriate leverage, the total amount of our debt could increase as our common stock price increases, even if we may not have a corresponding increase in our ability to service or repay the debt. Our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally. There is a risk that changes in our Debt to Market Capitalization Ratio, which is in part a function of our stock price, or our ratio of indebtedness to other measures of asset value used by financial analysts may have an adverse effect on the market price of our common stock.

Further issuances of equity securities may be dilutive to current stockholders.

The interests of our existing stockholders could be diluted if additional equity securities are issued to finance future developments and acquisitions instead of incurring additional debt. Our ability to execute our business strategy depends on our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including common and preferred equity.

Failure to qualify as a real estate investment trust would cause us to be taxed as a corporation, which would substantially reduce funds available for payment of dividends.

If we fail to qualify as a real estate investment trust for federal income tax purposes, we will be taxed as a corporation. We believe that we are organized and qualified as a real estate investment trust, and intend to operate in a manner that will allow us to continue to qualify as a real estate investment trust. However, we cannot assure you that we are qualified as such, or that we will remain qualified as such in the future. This is because qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code as to which there are only limited judicial and administrative interpretations, and involves the determination of facts and circumstances not entirely within our control. In addition, future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a real estate investment trust for federal income tax purposes or the federal income tax consequences of such qualification.

If we fail to qualify as a real estate investment trust we will face serious tax consequences that will substantially reduce the funds available for payment of dividends for each of the years involved because:

- o we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;
- o we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes;

- o unless we are entitled to relief under statutory provisions, we could not elect to be subject to tax as a real estate investment trust for four taxable years following the year during which we were disqualified; and
- o all dividends will be subject to tax as ordinary income to the extent of our current and accumulated earnings and profits.

In addition, if we fail to qualify as a real estate investment trust, we will no longer be required to pay dividends. As a result of all these factors, our failure to qualify as a real estate investment trust could impair our ability to expand our business and raise capital, and would adversely affect the value of our common stock.

In order to maintain our real estate investment trust status, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

In order to maintain our real estate investment trust status, we may need to borrow funds on a short-term basis to meet the real estate investment trust distribution requirements, even if the then prevailing market conditions are not favorable for these borrowings. To qualify as a real estate investment trust, we generally must distribute to our stockholders at least 95% of our net taxable income each year, excluding capital gains. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. We may need short-term debt to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments.

Limits on changes in control may discourage takeover attempts beneficial to stockholders.

Provisions in our certificate of incorporation and bylaws, our shareholder rights agreement and the limited partnership agreement of Boston Properties Limited Partnership, as well as provisions of the Internal Revenue Code and Delaware corporate law, may:

- o delay or prevent a change of control over us or a tender offer, even if such action might be beneficial to our stockholders; and
- o limit our stockholders' opportunity to receive a potential premium for their shares of common stock over then-prevailing market prices.

Stock Ownership Limit

Primarily to facilitate maintenance of our qualification as a real estate investment trust, our corporate charter generally prohibits ownership, directly, indirectly or beneficially, by any single stockholder of more than 6.6% of the number of outstanding shares of any class or series of our equity stock. We refer to this limitation as the "ownership limit." Our board of directors

may waive or modify the ownership limit with respect to one or more persons if it is satisfied that ownership in excess of this limit will not jeopardize our status as a real estate investment trust for federal income tax purposes. In addition, under our corporate charter each of Messrs. Zuckerman and Linde, along with their family and affiliates, as well as, in general, pension plans and mutual funds, may actually and beneficially own up to 15% of the number of outstanding shares of any class or series of our equity common stock. Shares owned in violation of the ownership limit will be subject to the loss of rights to distributions and voting and other penalties. The ownership limit may have the effect of inhibiting or impeding a change in control.

Boston Properties Limited Partnership Agreement

We have agreed in the limited partnership agreement of Boston Properties Limited Partnership not to engage in business combinations unless limited partners of Boston Properties Limited Partnership other than Boston Properties, Inc. receive, or have the opportunity to receive, the same consideration for their partnership interests as holders of our common stock in the transaction. If these limited partners do not receive such consideration, we cannot engage in the transaction unless 75% of these limited partners vote to approve the transaction. In addition, we have agreed in the limited partnership agreement of Boston Properties Limited Partnership that we will not consummate business combinations in which we received the approval of our stockholders unless these limited partners are also allowed to vote and the transaction would have been approved had these limited partners been able to vote as stockholders on the transaction. Therefore, if our stockholders approve a business combination that requires a vote of stockholders, the partnership agreement requires the following before we can consummate the transaction:

- o holders of interests in Boston Properties Limited Partnership (including Boston Properties, Inc.) must vote on the matter;
- o Boston Properties, Inc. must vote its partnership interests in the same proportion as our stockholders voted on the transaction; and
- o the result of the vote of holders of interests in Boston Properties Limited Partnership must be such that had such vote been a vote of stockholders, the business combination would have been approved.

As a result of these provisions, a potential acquirer may be deterred from making an acquisition proposal and we may be prohibited by contract from engaging in a proposed business combination even though our stockholders approve of the combination.

Shareholder Rights Plan

We have adopted a shareholder rights plan. Under the terms of this plan, we can in effect prevent a person or group from acquiring more than 15% of the outstanding shares of our common stock, because, unless we approve of the acquisition, after the person acquires more than 15% of our outstanding common stock, all other stockholders will have the right to purchase

securities from us at a price that is less than their then fair market value, which would substantially reduce the value and influence of the stock owned by the acquiring person. Our board of directors can prevent the plan from operating by approving of the transaction, which gives us significant power to approve or disapprove of the efforts of a person or group to acquire a large interest in us.

We may change our policies without obtaining the approval of our stockholders.

Our operating and financial policies, including our policies with respect to acquisitions, growth, operations, indebtedness, capitalization and dividends, are determined by our board of directors. Accordingly, as a stockholder, you will have little direct control over these policies.

Our success depends on key personnel whose continued service is not guaranteed.

We depend on the efforts of key personnel, particularly Mortimer B. Zuckerman, Chairman of our board of directors, and Edward H. Linde, our President and Chief Executive Officer. Among the reasons that Messrs. Zuckerman and Linde are important to our success is that each has a national reputation which attracts business and investment opportunities and assists us in negotiations with lenders. If we lost their services, our relationships with lenders, potential tenants and industry personnel would diminish.

Our other executive officers who serve as managers of our offices have strong regional reputations. Their reputations aid us in identifying opportunities, having opportunities brought to us, and negotiating with tenants and build-to-suit prospects. While we believe that we could find replacements for these key personnel, the loss of their services could materially and adversely effect our operations because of diminished relationships with lenders, prospective tenants and industry personnel.

Mr. Zuckerman has substantial outside business interests, including serving as trustee for New York University, a trustee of Memorial Sloan-Kettering Cancer Institute, a trustee of the Institute for Advanced Studies at Princeton and a member of the Council on Foreign Relations and the International Institute for Strategic Studies. He is also Chairman and Editor-in-Chief of U.S. News & World Report, Chairman and Co-Publisher of the New York Daily News and Chairman of the Board of Applied Graphics Technologies and a member of the Board of Directors of Chase Manhattan Corporation National Advisory Board, Loews Cineplex and WNET/Channel. Such outside business interests could interfere with his ability to devote time to our business and affairs. Over the last twenty years, Mr. Zuckerman has devoted a significant portion, although not a majority, of his business time to the affairs of Boston Properties and its predecessors. We have no assurance that he will continue to devote any specific portion of his time to us, although at present, he has no commitments which would prevent him from maintaining his current level of involvement with our business.

Conflicts of interest exist with holders of interests in Boston Properties Limited Partnership.

Sales of properties and repayment of related indebtedness will have different effects on holders of interests in Boston Properties Limited Partnership than on our stockholders.

Some holders of interests in Boston Properties Limited Partnership, including Messrs. Zuckerman and Linde, would incur adverse tax consequences upon the sale of certain of our properties and on the repayment of related debt which differ from the tax consequences to us and our stockholders. Consequently, such holders of interests in Boston Properties Limited Partnership may have different objectives regarding the appropriate pricing and timing of any such sale or repayment of debt. While we have exclusive authority under the limited partnership agreement of Boston Properties Limited Partnership to determine when to refinance or repay debt or whether, when, and on what terms to sell a property, subject, in the case of certain properties, to the contractual commitments described below, any such decision would require the approval of our board of directors. As directors and executive officers, Messrs. Zuckerman and Linde have substantial influence with respect to any such decision. Their influence could be exercised in a manner inconsistent with the interests of some, or a majority, of our stockholders, including in a manner which could prevent completion of a sale of a property or the repayment of indebtedness.

Agreement not to sell some properties.

Under the terms of the limited partnership agreement of Boston Properties Limited Partnership, we have agreed not to sell or otherwise transfer some of our properties, prior to specified dates, in any transaction that would trigger taxable income, without first obtaining the consent of Messrs. Zuckerman and Linde. However, we are not required to obtain their consent if, during the applicable period, each of them does not hold at least 30% of his original interests in Boston Properties Limited Partnership. In addition, we have entered into similar agreements with respect to other properties that we have acquired in exchange for interests in Boston Properties Limited Partnership. There are a total of 35 properties subject to these restrictions, and those 35 properties are estimated to have accounted for approximately 55% of our total revenue for the year ended December 31, 2000.

Boston Properties Limited Partnership has also entered into agreements providing Messrs. Zuckerman and Linde and others with the right to guarantee specific amounts of indebtedness and, in the event that the specific indebtedness they guarantee is repaid or reduced, additional and/or substitute indebtedness. These agreements may hinder actions that we may otherwise desire to take to repay or refinance guaranteed indebtedness because we would be required to make payments to the beneficiaries of such agreements if we violate these agreements.

Messrs. Zuckerman and Linde will continue to engage in other activities.

Messrs. Zuckerman and Linde have a broad and varied range of investment interests. Either one could acquire an interest in a company which is not currently involved in real estate investment activities but which may acquire real property in the future. However, pursuant to Mr. Linde's employment agreement and Mr. Zuckerman's non-compete agreement, Messrs. Zuckerman and Linde will not, in general, have management control over such companies and, therefore, they may not be able to prevent one or more such companies from engaging in activities that are in competition with our activities.

Changes in market conditions could adversely affect the market price of our common stock.

As with other publicly traded equity securities, the value of our common stock depends on various market conditions which may change from time to time. Among the market conditions that may affect the value of our common stock are the following:

- o the extent of investor interest in us;
- o the general reputation of real estate investment trusts and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- o our financial performance; and
- o general stock and bond market conditions.

The market value of our common stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, our common stock may trade at prices that are higher or lower than our net asset value per share of common stock. If our future earnings or cash dividends are less than expected, it is likely that the market price of our common stock will diminish.

Market interest rates may have an effect on the value of our common stock.

One of the factors that investors may consider important in deciding whether to buy or sell shares of a real estate investment trust is the dividend with respect to such real estate investment trust's shares as a percentage of the price of such shares, relative to market interest rates. If market interest rates go up, prospective purchasers of shares of our common stock may expect a higher distribution rate on our common stock. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to go down.

The number of shares available for future sale could adversely affect the market price of our stock.

As part of our initial public offering and since then we have completed many private placement transactions where shares of capital stock of Boston Properties, Inc. or interests in Boston Properties Limited Partnership were issued to owners of properties we acquired or to institutional investors. This common stock, or common stock issuable on conversion of our preferred stock or in exchange for such interests in Boston Properties Limited Partnership, may be sold in the public market over time pursuant to registration rights we granted to these investors. Additional common stock reserved under our employee benefit and other incentive plans, including stock options, may also be sold in the public at some time in the future. Future sales of our common stock in the public securities markets could adversely affect the price of our common stock. We cannot predict the effect the perception in the market that such sales may occur will have on the market price of our common stock.

We did not obtain new owner's title insurance policies in connection with properties acquired during our initial public offering.

We acquired many of our properties from our predecessors at the completion of our initial public offering in June 1997. Before we acquired these properties each of them was insured by a title insurance policy. We did not, however, obtain new owner's title insurance policies in connection with the acquisition of such properties. Nevertheless, because in many instances we acquired these properties indirectly by acquiring ownership of the entity which owned the property and those owners remain in existence as our subsidiaries, some of these title insurance policies may continue to benefit us. Many of these title insurance policies may be for amounts less than the current values of the applicable properties. If there was a title defect related to any of these properties, or to any of the properties acquired at the time of our initial public offering, that is no longer covered by a title insurance policy, we could lose both our capital invested in and our anticipated profits from such property.

We have obtained title insurance policies for all properties that we have acquired after our initial public offering.

We face possible adverse changes in tax and environmental laws.

Generally, we pass through to our tenants costs resulting from increases in real estate taxes. However, we generally do not pass through to our tenants increases in income, service or transfer taxes. Similarly, changes in laws increasing the potential liability for environmental conditions existing on our properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures. These increased costs could adversely affect our financial condition and results of operations and the amount of cash available for payment of dividends.

Item 2. Properties

At December 31, 2000, our portfolio consisted of 145 properties totaling 37.9 million net rentable square feet, including 15 properties under construction. Our properties consisted of 134 office properties, including 103 Class A office buildings and 31 properties that support both office and technical uses; eight industrial properties; and three hotels. In addition, we own or control an additional 49 parcels of land for future development. The following table sets forth information relating to the properties we owned at December 31, 2000:

Properties -----	Location -----	Number of Buildings -----	Net Rentable Square Feet -----
Class A Office			
The Prudential Center	Boston, MA	3	2,140,832
280 Park Avenue	New York, NY	1	1,160,622
599 Lexington Avenue	New York, NY	1	1,000,497
Embarcadero Center Four	San Francisco, CA	1	935,519
Riverfront Plaza	Richmond, VA	1	894,015
Embarcadero Center One	San Francisco, CA	1	821,009
Embarcadero Center Two	San Francisco, CA	1	779,172
Embarcadero Center Three	San Francisco, CA	1	770,969
875 Third Avenue	New York, NY	1	690,126
Democracy Center	Bethesda, MD	3	680,475
100 East Pratt Street	Baltimore, MD	1	635,323
Two Independence Square	Washington, D.C.	1	579,665
Metropolitan Square (51% ownership)	Washington, D.C.	1	578,340
Candler Building	Baltimore, MD	1	537,363
Reservoir Place	Waltham, MA	1	529,991
The Gateway	South San Francisco, CA	2	506,395
West Tower	San Francisco, CA	1	475,120
One Tower Center	East Brunswick, NJ	1	417,903
One Freedom Square (25% ownership)	Reston, VA	1	408,773
Market Square North (50% ownership)	Washington, D.C.	1	401,255
Capital Gallery	Washington, D.C.	1	396,776
140 Kendrick Street (25% ownership)	Needham, MA	3	381,000
One Independence Square	Washington, D.C.	1	337,794
265 Franklin Street (35% ownership)	Boston, MA	1	325,699
One Reston Overlook	Reston, VA	1	312,685
2300 N Street	Washington, D.C.	1	276,930
NIMA Building	Reston, VA	1	263,870
Reston Corporate Center	Reston, VA	2	261,046
Lockheed Martin Building	Reston, VA	1	255,244
200 West Street	Waltham, MA	1	248,341
500 E Street, N. W.	Washington, D.C.	1	242,769
510 Carnegie Center	Princeton, NJ	1	234,160
One Cambridge Center	Cambridge, MA	1	215,385
Sumner Square	Washington, D.C.	1	209,507
University Place	Cambridge, MA	1	195,282
Eight Cambridge Center	Cambridge, MA	1	177,226
Orbital Sciences, Buildings One and Three	Dulles, VA	2	174,832
Newport Office Park	Quincy, MA	1	168,829
1301 New York Avenue	Washington, D.C.	1	168,371

Properties	Location	Number of Buildings	Net Rentable Square Feet
Lexington Office Park	Lexington, MA	2	167,293
191 Spring Street	Lexington, MA	1	162,700
206 Carnegie Center	Princeton, NJ	1	161,763
210 Carnegie Center	Princeton, NJ	1	158,610
10 & 20 Burlington Mall Road	Burlington, MA	2	156,416
Ten Cambridge Center	Cambridge, MA	1	152,664
214 Carnegie Center	Princeton, NJ	1	152,214
506 Carnegie Center	Princeton, NJ	1	150,888
212 Carnegie Center	Princeton, NJ	1	150,069
Federal Reserve	San Francisco, CA	1	149,592
Two Reston Overlook	Reston, VA	1	131,594
Waltham Office Center	Waltham, MA	3	131,479
508 Carnegie Center	Princeton, NJ	1	131,085
202 Carnegie Center	Princeton, NJ	1	128,885
101 Carnegie Center	Princeton, NJ	1	124,049
91 Hartwell Avenue	Lexington, MA	1	122,135
504 Carnegie Center	Princeton, NJ	1	121,990
Montvale Center	Gaithersburg, MD	1	120,815
502 Carnegie Center	Princeton, NJ	1	116,374
Three Cambridge Center	Cambridge, MA	1	107,484
104 Carnegie Center	Princeton, NJ	1	102,758
201 Spring Street	Lexington, MA	1	102,500
The Arboretum	Reston, VA	1	95,584
Bedford Business Park	Bedford, MA	1	90,000
Eleven Cambridge Center	Cambridge, MA	1	79,616
33 Hayden Avenue	Lexington, MA	1	79,564
Decoverly Two	Rockville, MD	1	77,747
Decoverly Three	Rockville, MD	1	77,040
170 Tracer Lane	Waltham, MA	1	73,203
105 Carnegie Center	Princeton, NJ	1	69,648
32 Hartwell Avenue	Lexington, MA	1	69,154
195 West Street	Waltham, MA	1	63,500
100 Hayden Avenue	Lexington, MA	1	55,924
181 Spring Street	Lexington, MA	1	53,595
211 Carnegie Center	Princeton, NJ	1	47,025
204 Second Avenue	Waltham, MA	1	40,974
92 Hayden Avenue	Lexington, MA	1	30,980
201 Carnegie Center	Princeton, NJ	-	6,500
Subtotal for Class A Office Properties:		89	23,802,521
Research & Development			
Bedford Business Park	Bedford, MA	2	383,704
Fullerton Square	Springfield, VA	2	178,294
Hilltop Office Center	South San Francisco, CA	9	144,366
7601 Boston Boulevard	Springfield, VA	1	103,750
7435 Boston Boulevard	Springfield, VA	1	103,557
8000 Grainger Court	Springfield, VA	1	90,465
7700 Boston Boulevard	Springfield, VA	1	82,224
7500 Boston Boulevard	Springfield, VA	1	79,971
7501 Boston Boulevard	Springfield, VA	1	75,756
7600 Boston Boulevard	Springfield, VA	1	69,832
Fourteen Cambridge Center	Cambridge, MA	1	67,362
164 Lexington Road	Billerica, MA	1	64,140
7450 Boston Boulevard	Springfield, VA	1	60,827
Sugarland Business Park, Building Two	Herndon, VA	1	59,215
7374 Boston Boulevard	Springfield, VA	1	57,321
Sugarland Business Park, Building One	Herndon, VA	1	52,797
8000 Corporate Court	Springfield, VA	1	52,539

Properties -----	Location -----	Number of Buildings -----	Net Rentable Square Feet -----
7451 Boston Boulevard	Springfield, VA	1	47,001
17 Hartwell Avenue	Lexington, MA	1	30,000
7375 Boston Boulevard	Springfield, VA	1	28,780
Subtotal for Research and Development Properties:		30	1,831,901
Industrial			
2391 West Winton	Hayward, CA	1	220,213
40-46 Harvard Street	Westwood, MA	1	169,273
38 Cabot Boulevard	Bucks County, PA	1	161,000
6201 Columbia Park Road	Landover, MD	1	100,337
2000 South Club Drive	Landover, MD	1	83,608
25-33 Dartmouth Road	Westwood, MA	1	78,045
560 Forbes Blvd	South San Francisco, CA	1	40,000
430 Rozzi Place	South San Francisco, CA	1	20,000
Subtotal for Industrial Properties:		8	872,476
Subtotal for In-Service Class A Office, Research and Development and Industrial Properties:		127	26,506,898
Properties Under Construction			
5 Times Square	New York, NY	1	1,099,154
111 Huntington Avenue	Boston, MA	1	890,000
Two Freedom Square	Reston, VA	1	417,113
One and Two Discovery Square	Reston, VA	2	362,868
Waltham Weston Corporate Center	Waltham, MA	1	295,000
Quorum Office Park	Chelmsford, MA	2	259,918
611 Gateway Boulevard	South San Francisco, CA	1	249,732
New Dominion Technology Park - Building One	Herndon, VA	1	235,201
2600 Tower Oaks Boulevard	Rockville, MD	1	178,216
Orbital Sciences Phase II - Building 2	Dulles, VA	1	160,502
Broad Run Business Park - Building E	Dulles, VA	1	124,650
Andover Office Park - Building 1	Andover, MA	1	120,000
302 Carnegie Center	Princeton, NJ	1	64,565
Subtotal for Properties Under Construction:		15	4,456,919
Hotel Properties			
Long Wharf Marriott	Boston, MA	1	420,000
Cambridge Center Marriott	Cambridge, MA	1	330,400
Residence Inn by Marriott	Cambridge, MA	1	187,474
Subtotal for Hotel Properties:		3	937,874
Structured Parking			6,017,423
Total for all properties:		145	37,919,114

Item 3. Legal Proceedings

Neither we, nor our affiliates, are presently subject to any material litigation or, to our knowledge, have any litigation threatened against us or our affiliates other than routine actions and administrative proceedings substantially all of which are expected to be covered by liability or other insurance and in the aggregate are not expected to have a material adverse effect on our business or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of our stockholders during the fourth quarter of the year ended December 31, 2000.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Our common stock is listed on the New York Stock Exchange under the symbol "BXP". The high and low closing sales prices for the periods indicated in the table below were:

Quarter Ended -----	High ----	Low ---	Distributions -----
December 31, 2000	\$44 3/4	\$38 7/8	\$.530 (a)
September 30, 2000	43 1/4	37 9/16	.530
June 30, 2000	38 31/32	31 3/4	.530
March 31, 2000	32 3/8	29 13/16	.450
December 31, 1999	31 1/8	27 1/2	.450
September 30, 1999	35 5/8	30 5/16	.450
June 30, 1999	37 1/8	31 1/4	.425
March 31, 1999	34 11/16	30 5/16	.425

(a) Paid on January 29, 2001 to stockholders of record on December 29, 2000.

At March 14, 2001, we had approximately 468 shareholders of record. This does not include beneficial owners for whom Cede & Co. or others act as nominee.

We have adopted a policy of paying regular quarterly distributions on our common stock and cash distributions have been paid on our common stock since our initial public offering. In order to maintain our qualification as a REIT, we must make annual distributions to our shareholders of at least 95% of our taxable income (not including net capital gains). We intend that any dividend paid in respect of our common stock during the last quarter of each year will, if necessary, be adjusted to satisfy the REIT requirement that at least 95% of taxable income for such taxable year be distributed.

Item 6. Selected Financial Data

The following sets forth our selected financial and operating data for Boston Properties, Inc., and Boston Properties Limited Partnership, together with their subsidiaries on a historical consolidated basis and for our predecessor business on a historical combined basis. The following data should be read in conjunction with the financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Form 10-K.

Historical operating results for Boston Properties, Inc., and Boston Properties Limited Partnership, together with their subsidiaries and for our predecessor business, including net income, may not be comparable to our future operating results.

(in thousands, except per share data)	The Company		
	For the year ended December 31,		
	2000	1999	1998
Statement of Operations Information			
Total revenue	\$ 879,353	\$ 786,564	\$ 513,847
Expenses:			
Property	264,701	249,268	150,490
Hotel	--	--	--
General and administrative	35,659	29,455	22,504
Interest	217,064	205,410	124,860
Depreciation and amortization	133,150	120,059	75,418
Income before minority interests and unconsolidated joint venture income	228,779	182,372	140,575
Income from unconsolidated joint ventures	1,758	468	--
Minority interests	(76,971)	(69,531)	(41,982)
Income before gain (loss) on sale of real estate	153,566	113,309	98,593
Gain (loss) on sale of real estate, net of minority interest	(234)	6,467	--
Income before extraordinary items	153,332	119,776	98,593
Extraordinary gain (loss), net of minority interest	(334)	--	(5,481)
Net income before preferred dividend	152,998	119,776	93,112
Preferred dividend	(6,572)	(5,829)	--
Net income available to common shareholders	\$ 146,426	\$ 113,947	\$ 93,112
Basic earnings per share:			
Income before extraordinary items	\$ 2.05	\$ 1.72	\$ 1.62
Extraordinary gain (loss), net of minority interest	--	--	(0.09)
Net income	\$ 2.05	\$ 1.72	\$ 1.53
Weighted average number of common shares outstanding	71,424	66,235	60,776
Diluted earnings per share:			
Income before extraordinary items	\$ 2.01	\$ 1.71	\$ 1.61
Extraordinary gain (loss), net of minority interest	--	--	(0.09)
Net income	\$ 2.01	\$ 1.71	\$ 1.52
Weighted average number of common and common equivalent shares outstanding	72,741	66,776	61,308
Balance Sheet Information:			
Real estate, gross	\$ 6,112,779	\$ 5,609,424	\$ 4,917,193
Real estate, net	5,526,060	5,138,833	4,559,809
Cash	280,957	12,035	12,166
Total assets	6,226,470	5,434,772	5,235,087
Total indebtedness	3,414,891	3,321,584	3,088,724
Minority interests	877,715	781,962	1,079,234
Convertible Redeemable Preferred Stock	100,000	100,000	--
Stockholders' and owners' equity (deficit)	1,647,727	1,057,564	948,481
Other Information:			
Funds from operations	247,371	196,101	153,045
Dividends per share	2.04	1.75	1.64
Cash flow provided by operating activities	339,664	303,469	215,287
Cash flow used in investing activities	(573,363)	(654,996)	(2,179,215)
Cash flow provided by (used in) financing activities	502,621	351,396	1,958,534
Total square feet at end of year	37,926	35,621	31,077
Occupancy rate at end of year	98.9%	98.4%	97.1%

The Company

The Predecessor Group

Period from
June 23, 1997
to

Period from
January 1, 1997
to

Year ended
December 31,

Statement of Operations Information

	\$ 145,643	\$ 129,818	\$ 269,933
Total revenue	-----	-----	-----
Expenses:			
Property	40,093	27,032	58,195
Hotel	--	22,452	46,734
General and administrative	6,689	5,116	10,754
Interest	38,264	53,324	109,394
Depreciation and amortization	21,719	17,054	36,199
	-----	-----	-----
Income before minority interests and unconsolidated joint venture income	38,878	4,840	8,657
Income from unconsolidated joint ventures	--	--	--
Minority interests	(11,652)	(235)	(384)
	-----	-----	-----
Income before gain (loss) on sale of real estate	27,226	4,605	8,273
Gain (loss) on sale of real estate, net of minority interest	--	--	--
	-----	-----	-----
Income before extraordinary items	27,226	4,605	8,273
Extraordinary gain (loss), net of minority interest	7,925	--	(994)
	-----	-----	-----
Net income before preferred dividend	35,151	4,605	7,279
Preferred dividend	--	--	--
	-----	-----	-----
Net income available to common shareholders	\$ 35,151	\$ 4,605	\$ 7,279
	=====	=====	=====
Basic earnings per share:			
Income before extraordinary items	\$ 0.70	--	--
Extraordinary gain (loss), net of minority interest	0.21	--	--
	-----	-----	-----
Net income	\$ 0.91	--	--
	=====	=====	=====
Weighted average number of common shares outstanding	38,694	--	--
Diluted earnings per share:			
Income before extraordinary items	\$ 0.70	--	--
Extraordinary gain (loss), net of minority interest	0.20	--	--
	-----	-----	-----
Net income	\$ 0.90	--	--
	=====	=====	=====
Weighted average number of common and common equivalent shares outstanding	39,108	--	--
Balance Sheet Information:			
Real estate, gross	\$ 1,796,500	--	\$1,035,571
Real estate, net	1,502,282	--	771,660
Cash	17,560	--	8,998
Total assets	1,672,521	--	896,511
Total indebtedness	1,332,253	--	1,442,476
Minority interests	100,636	--	--
Convertible Redeemable Preferred Stock	--	--	--
Stockholders' and owners' equity (deficit)	175,048	--	(576,632)
Other Information:			
Funds from operations	42,258	--	--
Dividends per share	1.62	--	--
Cash flow provided by operating activities	46,146	25,090	55,907
Cash flow used in investing activities	(519,743)	(32,844)	(34,315)
Cash flow provided by (used in) financing activities	491,157	9,266	(38,461)
Total square feet at end of year	16,101	--	10,424
Occupancy rate at end of year	98.4%	--	94.2%

a - annualized

(1) The White Paper on Funds from Operations approved by the Board of Governors of the National Association of Real Estate Investment Trusts in March 1995 defines funds from operations as net income (loss) (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. During 1999, the National Association of Real Estate Investment Trusts clarified the definition of funds from operations to include non-recurring events, except for those that are defined as "extraordinary items" under accounting principles generally accepted in the United States and gains and losses from sales of depreciable operating properties. This clarification is effective for periods ending subsequent to January 1, 2000. We adopted this definition for the quarters ending on or after March 31, 2000. We believe that funds from operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of our ability to incur and service debt, to make capital expenditures and to fund other cash needs. We compute funds from operations in accordance with standards established by the National Association of Real Estate Investment Trusts which may not be comparable to funds from operations reported by other REITs that do not define the term in accordance with the current National Association of Real Estate Investment Trusts definition or that interpret the current National Association of Real Estate Investment Trusts definition differently. Funds from operations does not represent cash generated from operating activities determined in accordance with accounting principles generally accepted in the United States and should not be considered as an alternative to net income (determined in accordance with accounting principles generally accepted in the United States) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

Our funds from operations for the respective periods is calculated as follows:

(in thousands)	The Company			
	Year ended December 31,			Period from
	2000	1999	1998	June 23, 1997 to December 31, 1997
Income before minority interests and unconsolidated joint venture income	\$ 228,779	\$ 182,372	\$ 140,575	\$ 38,878
Add:				
Real estate depreciation and amortization	134,386	119,583	74,649	21,417
Income from unconsolidated joint ventures	1,758	468	--	--
Less:				
Minority property partnership's share of funds from operations	(1,061)	(3,681)	(4,185)	(287)
Preferred dividends and distributions	(32,994)	(32,111)	(5,830)	--
Non-recurring item - significant lease termination fee	--	--	--	--
Funds from operations	\$ 330,868	\$ 266,631	\$ 205,209	\$ 60,008
Funds from operations available to common shareholders	\$ 247,371	\$ 196,101	\$ 153,045	\$ 42,258
Weighted average shares outstanding - basic	71,424	66,235	60,776	38,694

(in thousands)	The Predecessor Group	
	Period from January 1, 1997 to June 22, 1997	Year ended December 31, 1996
Income before minority interests and unconsolidated joint venture income	\$ 4,840	\$ 8,657
Add:		
Real estate depreciation and amortization	16,808	35,643
Income from unconsolidated joint ventures	--	--
Less:		
Minority property partnership's share of funds from operations	(198)	(479)
Preferred dividends and distributions	--	--
Non-recurring item - significant lease termination fee	--	(7,503)
Funds from operations	\$ 21,450	\$ 36,318
Funds from operations available to common shareholders	--	--
Weighted average shares outstanding - basic	--	--

Reconciliation to Diluted Funds from Operations:

(in thousands)	For the year ended December 31, 2000		For the year ended December 31, 1999	
	Income (Numerator)	Shares/Units (Denominator)	Income (Numerator)	Shares/Units (Denominator)
Basic Funds from Operations	\$ 330,868	95,532	\$ 266,631	90,058
Effect of Dilutive Securities				
Convertible Preferred Units	26,422	10,393	26,428	10,360
Convertible Preferred Stock	6,572	2,625	5,834	2,337
Stock Options	--	1,280	--	541
Diluted Funds from Operations	\$ 363,862	109,830	\$ 298,893	103,296
Company's share of Diluted Funds from Operations	\$ 283,994	85,723	\$ 229,961	79,473

(in thousands)	For the year ended December 31, 1998		For the period from June 23, 1997 to December 31, 1997	
	Income (Numerator)	Shares/Units (Denominator)	Income (Numerator)	Shares/Units (Denominator)
Basic Funds from Operations	\$ 205,209	81,487	\$ 60,008	54,950
Effect of Dilutive Securities				
Convertible Preferred Units	2,819	1,135	--	--
Convertible Preferred Stock	--	--	--	--
Stock Options	--	532	--	414
Diluted Funds from Operations	\$ 208,028	83,154	\$ 60,008	55,364
Company's share of Diluted Funds from Operations	\$ 156,215	62,443	\$ 42,258	39,108

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the selected financial data and the historical consolidated and combined financial statements and related notes thereto.

Forward-Looking Statements

Statements made under the caption "Risk Factors," elsewhere in this Form 10-K, in our press releases, and in oral statements we make by or with the approval of our authorized executives are "forward-looking statements" within the meaning of federal securities laws. When we use the words "anticipate," "assume," "believe," "estimate," "expect," "intend" and other similar expressions, they generally identify forward-looking statements. Forward-looking statements include, for example, statements relating to acquisitions and related financial information, development activities, business strategy and prospects, future capital expenditures, sources and availability of capital, environmental and other regulations, and competition.

You should exercise caution in interpreting and relying on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and could materially affect our actual results, performance or achievements. Some of the factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- o we are subject to general risks affecting the real estate industry, such as the need to enter into new leases or renew leases on favorable terms to generate rental revenues, and dependence on our tenants' financial condition;
- o we may fail to identify, acquire, construct or develop additional properties; we may develop properties that do not produce a desired yield on invested capital; or we may fail to effectively integrate acquisitions of properties or portfolios of properties;
- o financing may not be available, or may not be available on favorable terms;
- o we need to make distributions to our stockholders for us to qualify as a real estate investment trust, and if we need to borrow the funds to make such distributions such borrowings may not be available on favorable terms;
- o we depend on the primary markets where our properties are located and these markets may be adversely affected by local economic and market conditions which are beyond our control;
- o we are subject to potential environmental liabilities;
- o we are subject to complex regulations relating to our status as a real estate investment

trust and would be adversely affected if we failed to qualify as a real estate investment trust; and

- o market interest rates could adversely affect the market prices for our common stock, as well as our performance and cash flow.

We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

We are a fully integrated, self-administered and self-managed real estate investment trust or "REIT" and are one of the largest owners and developers of office and industrial properties in the United States. Our properties are concentrated in four core markets - Boston, Washington, D.C., midtown Manhattan and San Francisco. We conduct substantially all of our business through Boston Properties Limited Partnership. At December 31, 2000, we owned 145 properties totaling 37.9 million net rentable square feet, including 15 properties under construction. The properties consisted of 134 office properties, including 103 Class A office buildings and 31 properties that support both office and technical uses; eight industrial properties; and three hotels.

In 2000, we continued to identify and complete attractive acquisitions and development transactions. During 2000, we added 2.1 million net rentable square feet to our portfolio by completing acquisitions totaling approximately \$167.7 million and completing developments totaling approximately \$108.5 million. In addition, as of December 31, 2000, we had construction in progress representing a total anticipated investment of approximately \$1.3 billion and a total of approximately 4.5 million net rentable square feet.

We are focused on increasing the cash flow from our existing portfolio of properties by maintaining high occupancy levels and increasing effective rents. On the 3.8 million net-rentable square feet of second generation space renewed or re-leased during the year, new net rents were on average approximately 47.1% higher than the expiring net rents. At December 31 2000, our portfolio of office and industrial properties was 98.9% occupied.

We also continue to strengthen our balance sheet. In October 2000, we raised \$633.8 million, net of expenses, in equity capital by completing a public offering of our common stock. In 2000 we also issued shares of our common stock and common and preferred units in Boston Properties Limited Partnership that were valued when issued at \$62.9 million to acquire properties and development sites.

Results of Operations

The following discussion is based on our Consolidated Financial Statements for the years ended December 31, 2000, 1999 and 1998.

From January 1, 1998 through December 31, 2000, we increased our total from 92 properties to 145 properties and from 16.1 million net rentable square feet to 37.9 million net rentable square feet. As a result of this rapid growth of our total portfolio, the financial data presented below shows significant changes in revenues and expenses from period to period. We do not believe our period to period financial data are comparable. Therefore, the comparison of operating results for the years ended December 30, 2000, 1999 and 1998 show changes resulting from properties that we owned for each period compared (for which each comparison we refer to as our "Same Property Portfolio") and the changes attributable to our total portfolio.

Comparison of the year ended December 31, 2000 to the year ended December 31, 1999

The table below shows selected operating information for our total portfolio and the 106 buildings acquired or placed in service on or prior to January 1, 1999 and that remained in the total portfolio through December 31, 2000 (which comprise the Same Property Portfolio for the years ended December 31, 2000 and 1999):

(dollars in thousands)	Same Property Portfolio			
	2000	1999	Increase/ (Decrease)	% Change
Revenue:				
Rental Revenue	\$ 766,141	\$ 717,654	\$ 48,487	6.76%
Development and management services	--	--	--	--
Interest and other	--	--	--	--
Total revenue	766,141	717,654	48,487	6.76%
Expenses:				
Operating	237,107	230,178	6,929	3.01%
General and administrative	--	--	--	--
Interest	--	--	--	--
Depreciation and amortization	117,863	112,463	5,400	4.80%
Total expenses	354,970	342,641	12,329	3.60%
Income before minority interests and unconsolidated joint venture income	\$ 411,171	\$ 375,013	\$ 36,158	9.64%

(dollars in thousands)	Total Portfolio			
	2000	1999	Increase/ (Decrease)	% Change
Revenue:				
Rental Revenue	\$ 858,942	\$ 765,417	\$ 93,525	12.22%
Development and management services	11,837	14,708	(2,871)	-19.52%
Interest and other	8,574	6,439	2,135	33.16%
Total revenue	879,353	786,564	92,789	11.80%
Expenses:				
Operating	264,701	249,268	15,433	6.19%
General and administrative	35,659	29,455	6,204	21.06%
Interest	217,064	205,410	11,654	5.67%
Depreciation and amortization	133,150	120,059	13,091	10.90%
Total expenses	650,574	604,192	46,382	7.68%
Income before minority interests and unconsolidated joint venture income	\$ 228,779	\$ 182,372	\$ 46,407	25.45%

The increase in rental revenues in our Same Property Portfolio for these years is primarily a result of an overall increase in rental rates on new leases and rollovers, in addition to an increase in occupancy from year to year and an increase in termination fees from \$2.3 million to \$3.3 million. The occupancy for our Same Property Portfolio increased from 97.4% as of December 31, 1999 to 98.8% as of December 31, 2000. The increase in rental revenues in our total portfolio is primarily the result of properties we acquired or placed-in-service after January 1, 1998.

The decrease in development and management services income in the total portfolio is mainly due to contracts expiring during 1999 and 2000.

The increase in interest and other income in the total portfolio is a result of interest earned on proceeds received from the public offering of our common stock in October 2000.

Property operating expenses (real estate taxes, utilities, repairs and maintenance, cleaning and other property-related expenses) in our Same Property Portfolio increased mainly due to increases in real estate taxes of \$4.0 million, or 4.2%. Small increases in other property-related expenses account for

the remaining increase. Property operating expenses in our total portfolio

increased due to properties we acquired or placed-in-service after January 1, 1999 as well as increases in other property-related expenses.

General and administrative expenses increased due to increases in the overall size of our total portfolio since January 1, 1999. In addition, we incurred a \$3.0 million charge related to the departure of two senior employees, which included a non-cash charge of approximately \$2.0 million.

Interest expense for our total portfolio increased due to net increase in mortgage indebtedness and our unsecured revolving line of credit with Fleet National Bank, as agent, from \$3.3 billion to \$3.4 billion.

Depreciation and amortization expense for our Same Property Portfolio increased as a result of capital and tenant improvements made during 2000. Depreciation and amortization expense for our total portfolio increased as a result of properties we acquired or placed-in-service after January 1, 2000 and that remained in our total portfolio through December 31, 2000 and related capital and tenant improvements.

Comparison of the year ended December 31, 1999 to the year ended December 31, 1998:

The table below shows selected operating information for our total portfolio and the 76 buildings acquired or placed in service on or prior to January 1, 1998 and that remained in the total portfolio through December 31, 1999 (which comprise the Same Property Portfolio for the years ended December 31, 1999 and 1998):

(dollars in thousands)	Same Property Portfolio			
	1999	1998	Increase/ (Decrease)	% Change
Revenue:				
Rental Revenue	\$ 353,470	\$ 337,886	\$ 15,584	4.61%
Development and management services	--	--	--	--
Interest and other	--	--	--	--
Total revenue	353,470	337,886	15,584	4.61%
Expenses:				
Operating	104,048	100,726	3,322	3.30%
General and administrative	--	--	--	--
Interest	--	--	--	--
Depreciation and amortization	51,494	50,083	1,411	2.82%
Total expenses	155,542	150,809	4,733	3.14%
Income before minority interests and unconsolidated joint venture income	\$ 197,928	\$ 187,077	\$ 10,851	5.80%

(dollars in thousands)	Total Portfolio			
	1999	1998	Increase/ (Decrease)	% Change
Revenue:				
Rental Revenue	\$ 765,417	\$ 487,577	\$ 277,840	56.98%
Development and management services	14,708	12,411	2,297	18.51%
Interest and other	6,439	13,859	(7,420)	-53.54%
Total revenue	786,564	513,847	272,717	53.07%
Expenses:				
Operating	249,268	150,490	98,778	65.64%
General and administrative	29,455	22,504	6,951	30.89%
Interest	205,410	124,860	80,550	64.51%
Depreciation and amortization	120,059	75,418	44,641	59.19%
Total expenses	604,192	373,272	230,920	61.86%
Income before minority interests and unconsolidated joint venture income	\$ 182,372	\$ 140,575	\$ 41,797	29.73%

The increase in rental revenues in our Same Property Portfolio for these years is primarily a result of an overall increase in rental rates on new leases and rollovers as well as an increase in termination fees from \$0.7 million to \$2.3 million, offset by a small decrease in occupancy from year to year. The occupancy for our Same Property Portfolio decreased from 97.8% as of December 31, 1998 to 97.4% as of December 31, 1999. The increase in rental revenues in our total portfolio is primarily the result of properties we acquired or placed-in-service after January 1, 1998.

The increase in development and management services income in our total portfolio is a result of fees earned on new projects begun during the year, and increased fees on projects in progress.

The decrease in interest and other income in our total portfolio is a result of less cash and cash equivalents on deposit during 1999. During 1998, our average cash balances were higher due to \$765.0 million of net proceeds received from a public offering of our common stock in January 1998.

Property operating expenses (real estate taxes, utilities, repairs and maintenance, cleaning and other property-related expenses) in our Same Property Portfolio increased mainly due to real estate taxes. Real estate taxes increased approximately \$1.0 million due to higher property tax assessments. Small increases in other property-related expenses account for the remaining increase. Property operating expenses in our total portfolio increased mainly due to properties we acquired or placed-in service after January 1, 1998.

General and administrative expenses increased due to the significant increase in the size of our total portfolio since January 1, 1998. We hired additional employees as a result of acquisitions.

Interest expense for our total portfolio increased due to an increase in mortgage indebtedness and an increase in borrowing under our unsecured revolving line of credit with Fleet National Bank, as agent.

Depreciation and amortization expense for our Same Property Portfolio increased as a result of capital and tenant improvements made during 1999. Depreciation and amortization expense for our total portfolio increased primarily as a result of properties we acquired or placed- in-service after January 1, 1998 and related capital and tenant improvements.

Liquidity and Capital Resources

Cash and cash equivalents were \$281.0 million and \$12.0 million at December 31, 2000 and December 31, 1999, respectively. The increase was a result of the following increases and decreases in cash flows:

(in millions)	Year Ended December 31,		\$ Change -----
	2000 ----	1999 ----	
Cash Provided by Operating Activities	\$339.7	\$303.5	\$ 36.2
Cash Used for Investing Activities	(\$573.4)	(\$655.0)	\$ 81.6
Cash Provided by Financing Activities	\$502.6	\$351.4	\$151.2

The increase in cash provided by operating activities is primarily due to the increase in net income resulting from the 1999 and 2000 property acquisitions and developments placed-in- service and our 2000 Same Property Portfolio.

Net cash used for investing activities decreased from \$655.0 million for the year ended

December 31, 1999 to \$573.4 million for the year ended December 31, 2000 mainly due to fewer property acquisitions during 2000. The cash and capital used in the 2000 investing activities was primarily for the following transactions:

Acquisitions, Dispositions and Development Transactions

- o On January 12, 2000, we acquired our joint venture partner's 75% interest in One and Two Reston Overlook, for cash of approximately \$15.2 million and the assumption of approximately \$69.0 million in debt.
- o On March 1, 2000, we acquired three Class A office buildings totaling approximately 408,163 square feet at Carnegie Center in Princeton, New Jersey, under the terms of the original Carnegie Center Portfolio acquisition entered into in June 1998. We acquired the properties from a related party for approximately \$66.5 million, which was funded through the assumption of debt of approximately \$49.0 million at a rate of 7.39% and the issuance of 577,817 common units of partnership interest in Boston Properties Limited Partnership valued at approximately \$17.5 million. The acquisition was reviewed and approved by a vote of our independent directors.
- o On May 12, 2000, an unrelated third party acquired partial interests in two properties that we previously owned in their entirety. We retained a 51% interest in the first property, Metropolitan Square, a 582,194-square foot office property in Washington, DC and a 25% interest in the second property, 140 Kendrick Street, a 381,000-square foot build-to-suit development property in Needham, Massachusetts. The interests in the properties were acquired for cash of approximately \$46.7 million and the assumption of debt of approximately \$88.2 million and resulted in a gain to us of \$0.4 million.
- o On August 22, 2000, we 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 our common stock.
- o On September 13, 2000, we acquired a 35% interest in 265 Franklin Street, a 325,699 square foot office property in Boston, Massachusetts through a joint venture. Our interest in this property was acquired with cash of approximately \$10.6 million and new debt financing of approximately \$23.8 million.
- o On September 29, 2000, we sold 910 and 930 Clopper Road, two office/technical use properties totaling 240,596 square feet in Gaithersburg, Maryland for approximately \$24.1 million. This sale resulted in a loss to us of approximately \$0.8 million.
- o On October 13, 2000, we sold 1950 Stanford Court, a single story industrial building totaling 53,250 square feet, and an adjacent parcel of land totaling approximately 2 acres in Landover, Maryland, for approximately \$2.2 million. This sale resulted in a gain to us of approximately \$0.1 million.
- o On December 1, 2000, we acquired the leasehold interest and ground rent credits at the site of the future Times Square Tower in midtown Manhattan, for approximately \$165.1 million in cash. This development will consist of a 47-floor, 1.2 million square foot office tower.
- o We acquired additional land parcels in Greater Boston, Greater Washington, D.C. and Greater San Francisco for potential future developments for an aggregate amount of

approximately \$39.7 million, of which approximately \$12.5 million was funded with cash and approximately \$27.2 million was funded through the issuance of common and preferred units of Boston Properties Limited Partnership.

- o We placed six Class A office buildings in service which resulted in a total investment during 2000 of approximately \$43.4 million. We began or continued construction on additional Class A office buildings and incurred approximately \$319.6 million of construction costs during 2000. Our properties under construction as of December 31, 2000 were as follows:

Properties Under Construction	Location	# of Buildings	Square feet

Class A Office Buildings			
302 Carnegie Center	Princeton, NJ	1	64,565
New Dominion Tech Park - Building 1	Herndon, VA	1	235,201
2600 Tower Oaks Boulevard	Rockville, MD	1	178,216
Broad Run Business Park- Building E	Dulles, VA	1	124,650
Orbital Sciences Phase II - Building 2	Dulles, VA	1	160,502
Quorum Office Park	Chelmsford, MA	2	259,918
111 Huntington Avenue - Prudential Center	Boston, MA	1	890,000
5 Times Square	New York, NY	1	1,099,154
One and Two Discovery Square (50% ownership)	Reston, VA	2	362,868
Waltham Weston Corporate Center	Waltham, MA	1	295,000
Andover Office Park, Building 1	Andover, MA	1	120,000
611 Gateway Boulevard	S. San Francisco, CA	1	249,732
Two Freedom Square (50% ownership)	Reston, VA	1	417,113
		-----	-----
Total Construction Properties		15	4,456,919
		=====	=====

Properties Under Construction	Investment to Date	Anticipated Total Investment

Class A Office Buildings		
302 Carnegie Center	\$ 10,085,110	\$ 13,435,000
New Dominion Tech Park - Building 1	41,870,052	48,770,000
2600 Tower Oaks Boulevard	26,314,660	38,295,000
Broad Run Business Park- Building E	6,531,465	14,696,000
Orbital Sciences Phase II - Building 2	13,641,517	27,618,000
Quorum Office Park	16,164,660	41,747,000
111 Huntington Avenue - Prudential Center	164,195,234	291,637,000
5 Times Square	281,044,727	536,115,000
One and Two Discovery Square (50% ownership)	10,609,713	42,587,000 (1)
Waltham Weston Corporate Center	20,533,037	95,446,000
Andover Office Park, Building 1	8,380,612	17,381,000
611 Gateway Boulevard	8,664,576	77,523,240
Two Freedom Square (50% ownership)	8,896,757	49,336,000 (1)

Total Construction Properties	\$ 616,932,120	\$1,294,586,240
		=====

(1) Represents our share of the investment.

In addition, we incurred costs of approximately \$37.0 million on properties in the preconstruction phase of the development process.

Cash provided by financing activities increased by \$151.2 million for 2000, compared to the year ended 1999. During 2000, we received proceeds from new debt totaling approximately \$976.4 million. This was offset by \$525.2 million of paydowns and principal payments during 2000. The remaining increase is mainly due to the increase in proceeds received from the public offering described below.

Recent Equity Financing

On October 31, 2000, we completed a public offering of 17,110,000 shares of our common stock (including 2,110,000 shares issued pursuant to the exercise of the underwriters' overallotment option) at a price per share of \$39.0625. Our proceeds from this public offering, net of underwriter's discount and offering costs, were approximately \$633.8 million.

Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our future earnings, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Our primary market risk results from our long-term indebtedness, which bears interest at fixed and variable rates. The fair value of our long-term debt obligation is affected by changes in the market interest rates. We manage our market risk by matching long-term leases with long-term fixed rate non-recourse debt of similar duration. In

addition, we maintain a major unencumbered portion of our portfolio. We continue to follow a conservative strategy of pre-leasing development projects on a long-term basis to strong tenants in order to achieve the most favorable construction and permanent financing terms. Approximately 85% of our outstanding debt has fixed interest rates, which minimizes the interest rate risk until the maturity of such outstanding debt.

We have entered into hedging arrangements with financial institutions. Our primary objective when undertaking hedging transactions and derivative positions is to reduce our floating rate exposure, which, in turn, reduces the risks that the variability of cash flows imposes on variable rate debt. Our strategy protects us against future increases in interest rates. At December 31, 2000, we had hedge contracts totaling \$450.0 million. The hedging agreements provide for a fixed interest rate when the London Interbank Offered Rate ("LIBOR") is less than 5.76% and when LIBOR is greater than 6.35% or 7.95% for terms ranging from three to five years per the individual hedging agreements. In addition, we have an interest rate swap agreement for a total of \$213.0 million which provides for a fixed interest rate of 6.0% through September 11, 2002. We will consider entering into additional hedging agreements with respect to all or a portion of our variable rate debt. We may borrow additional money with variable rates in the future. Increases in interest rates could increase interest expense, which in turn, could affect cash flow and our ability to service our debt. As a result of the hedging agreements, decreases in interest rates could increase interest expense as compared to the underlying variable rate debt and could result in us making payments to unwind such agreements.

At December 31, 2000, our variable rate debt outstanding was approximately \$404.1 million. At December 31, 2000, the average interest rate on variable rate debt was approximately 8.56%. Taking the hedging contracts into consideration, if market interest rates on our variable rate debt were to increase by ten percent (approximately 86 basis points), total interest would increase approximately \$1.7 million.

These amounts were determined solely by considering the impact of hypothetical interest rates on our financial instruments. Due to the uncertainty of specific actions we may undertake to minimize possible effects of market interest rate increases, this analysis assume no changes in our financial structure.

Capitalization

At December 31, 2000, our total consolidated debt was approximately \$3.4 billion. The weighted average rate of our consolidated indebtedness was 7.37% and the weighted average maturity was approximately 6.2 years.

Our total market capitalization was approximately \$8.8 billion at December 31, 2000. Total market capitalization was calculated using the December 31, 2000 closing stock price of \$43.50 per share and includes the following: (1) 86,630,089 shares of our common stock, (2) 23,862,206 of common units of Boston Properties Limited Partnership (excluding common units held by Boston Properties, Inc.), (3) an aggregate of 11,021,064 common units issuable upon conversion of all Series One, Two, Three and Z preferred units, (4) 2,624,672 shares of our common stock issuable upon conversion of all 2,000,000 shares of our Series A preferred stock,

and (5) our consolidated debt. Our total consolidated debt at December 31, 2000 represented approximately 38.7% of our total market capitalization.

Debt Financing

The table below summarizes our mortgage notes and bonds payable and our unsecured revolving line of credit with Fleet Boston, as agent, at December 31, 2000 and 1999:

	December 31,	
	----- 2000	1999 -----
	----- (dollars in thousands)	
DEBT SUMMARY:		
Balance		
Fixed rate	\$3,010,760	\$2,820,650
Variable rate	404,131	500,934
	-----	-----
Total	\$3,414,891	\$3,321,584
	=====	=====
Percent of total debt:		
Fixed rate	88.17%	84.92%
Variable rate	11.83%	15.08%
	-----	-----
Total	100.00%	100.00%
	=====	=====
Weighted average interest rate:		
Fixed rate	7.21%	7.06%
Variable rate	8.56%	7.61%
	-----	-----
Total	7.37%	7.14%
	=====	=====

The variable rate debt shown above bears interest based on various spreads over LIBOR or Eurodollar rates.

We utilize our \$605.0 million unsecured revolving line of credit principally to fund development of properties, other land and property acquisitions and for working capital purposes. Our unsecured revolving line of credit is a recourse obligation of Boston Properties Limited Partnership. Our ability to borrow under our unsecured revolving line of credit is subject to our compliance with a number of customary financial and other covenants on an ongoing basis, including: (1) loan-to-value ratio against our total borrowing base not to exceed 55%, unless our leverage ratio exceeds 60%, in which case it is not to exceed 50%, (2) a loan-to-value ratio against the total secured borrowing base not to exceed 55%, (3) debt service coverage ratio of 1.40 for our borrowing base, or 1.50 if our leverage ratio equals or exceeds 60%, and 1.30 for us as a whole for full fixed charges, (4) a leverage ratio not to exceed 60%, however five consecutive quarters (not including the two quarters prior to expiration) can go to 65% (5) an interest rate applicable to any amounts drawn under our unsecured revolving line of credit for Eurodollar based loans shall be equal to a floating rate based on a spread over Eurodollar equal to 105 to 170 basis points, (6) limitations on additional indebtedness and stockholder distributions, and (7) a minimum net worth requirement.

At December 31, 2000, we had issued letters of credit totaling \$3.3 million and had the ability to borrow an additional \$601.7 million under our unsecured revolving line of credit. As of March 14, 2001 there was zero outstanding under our unsecured revolving line of credit.

The following table sets forth certain information regarding our mortgage notes and bonds payable at December 31, 2000:

Properties -----	Interest Rate ----	Principal Amount ----- (in thousands)	Maturity Date -----
Embarcadero Center One, Two and Federal Reserve	6.70%	\$312,876	December 12, 2008
Prudential Center	6.72%	291,896	July 1, 2008
280 Park Avenue	7.65%	270,000	December 31, 2009
599 Lexington Avenue (1)	7.00%	225,000	July 19, 2005
5 Times Square (2)	8.66%	184,157	January 26, 2003
Embarcadero Center Four	6.79%	154,549	February 1, 2008
875 Third Avenue (3)	8.00%	150,959	December 31, 2002
Embarcadero Center Three	6.40%	146,313	January 1, 2007
Two Independence Square (4)	8.09%	116,377	February 27, 2003
Riverfront Plaza	6.61%	115,647	February 1, 2008
Democracy Center	7.05%	107,717	April 1, 2009
New Dominion Technology Park, Building 1 (5)	(5)	98,142	(5)
Embarcadero Center West Tower	6.50%	97,587	January 1, 2006
100 East Pratt Street	6.73%	91,851	November 1, 2008
601 and 651 Gateway Boulevard	8.40%	89,888	October 1, 2010
111 Huntington Avenue (6)	8.69%	76,041	September 27, 2002
One Independence Square (4)	8.12%	74,114	August 21, 2001
Reservoir Place (7)	6.88%	73,858	November 1, 2006
One & Two Reston Overlook	7.45%	68,190	September 1, 2004
2300 N Street	6.88%	66,000	August 3, 2003
202, 206, 214 Carnegie Center	8.13%	62,917	October 1, 2001
Capital Gallery	8.24%	57,161	August 15, 2006
504, 506, 508 Carnegie Center	7.39%	48,312	January 1, 2008
10 and 20 Burlington Mall Road (8)	8.33%	37,000	October 1, 2001
10 Cambridge Center	8.27%	35,741	May 1, 2010
1301 New York Avenue (9)	(9)	32,710	August 15, 2009
Eight Cambridge Center	7.73%	28,412	July 15, 2010
Sumner Square (10)	8.38%	28,298	April 22, 2004
510 Carnegie Center	7.39%	27,653	January 1, 2008
Lockheed Martin Building	6.61%	26,289	June 1, 2008
Orbital Sciences - Buildings One and Three (11)	8.35%	25,761	August 9, 2002
University Place	6.94%	25,253	August 1, 2021
Reston Corporate Center	6.56%	24,809	May 1, 2008
191 Spring Street	8.50%	22,797	September 1, 2006
Bedford Business Park	8.50%	21,717	December 10, 2008
NIMA Building	6.51%	21,495	June 1, 2008
2600 Tower Oaks Boulevard (12)	8.59%	18,083	October 10, 2002
Quorum Office Park (13)	8.34%	11,111	August 30, 2003
101 Carnegie Center	7.66%	8,348	April 1, 2006

Properties -----	Interest Rate ---	Principal Amount ----- (in thousands)	Maturity Date -----
Orbital Sciences - Phase 2 (14) Montvale Center	8.35%	8,032	June 13, 2003
40 Shattuck Road (15) Newport Office Park	8.59%	7,564	December 1, 2006
302 Carnegie Center (16) Hilltop Business Center	8.53%	6,224	December 4, 2003
201 Carnegie Center	8.13%	5,923	July 1, 2001
	8.61%	5,893	March 15, 2003
	6.81%	5,738	March 1, 2019
	7.08%	488	February 1, 2010
Total		----- \$3,414,891 =====	

- (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 \$225.0 million.
- (2) Total construction loan in the amount of \$420.0 million at a variable rate of Eurodollar + 2.00%.
- (3) The principal amount and interest rate shown have been adjusted to reflect the fair value of the note. The stated principal balance at December 31, 2000 was \$150.0 million and the interest rate was 8.75%.
- (4) The principal amount and interest rate shown have been adjusted to reflect the effective rates on the loans. The stated principal balances at December 31, 2000 were \$116.8 million and \$74.4 million, respectively. The stated interest rates are 8.50% and continue at such rates through the loan expiration.
- (5) Includes construction loan in the amount of \$48.6 million which was paid off on January 31, 2001 and \$57.6 million of bond financing which was being held in escrow until the New Dominion project was completed. The bond financing bears interest at a rate of 7.70% and matures in January 2021.
- (6) Total construction loan in the amount of \$203.0 million at a variable rate of LIBOR + 2.00%.
- (7) The principal amount and interest rate shown have been adjusted to reflect the fair value of the note. The stated principal balance at December 31, 2000 was \$65.5 million and the interest rate was 9.09%.
- (8) Includes outstanding indebtedness secured by 91 Hartwell Avenue and 92 and 100 Hayden Avenue.
- (9) Includes outstanding principal in the amounts of \$19.9 million, \$8.4 million and \$4.4 million which bear interest at fixed rates of 6.70%, 8.54% and 6.75%, respectively.
- (10) Outstanding principal bears interest at a floating rate equal to Eurodollar + 1.50%
- (11) Total construction loan in the amount of \$27.0 million at a variable rate of Eurodollar + 1.65%.
- (12) Total construction loan in the amount of \$32.0 million at a variable rate of LIBOR + 1.90%.
- (13) Total construction loan in the amount of \$16.0 million at a variable rate of LIBOR + 1.75%.
- (14) Total construction loan in the amount of \$25.1 million at a variable rate of Eurodollar + 1.65%.
- (15) Total construction loan in the amount of \$16.0 million at a variable rate of LIBOR + 1.75%.
- (16) Total construction loan in the amount of \$10.0 million at a variable rate of LIBOR + 1.90%.

NOTE: LIBOR and Eurodollar rate contracts in effect on December 31, 2000 ranged from 6.56% to 6.82%. The LIBOR and Eurodollar rates at December 31, 2000 were 6.57% and 6.58%, respectively.

We have determined that our estimated cash flows and available sources of liquidity are adequate to meet liquidity needs for the next twelve months. We believe that our principal liquidity needs for the next twelve months are to fund normal recurring expenses, debt service requirements, current development costs not covered under construction loans and the minimum distribution required to maintain our REIT qualifications under the Internal Revenue Code of 1986, as amended. We believe that these needs will be fully funded from cash flows provided by operating and financing activities.

We expect to meet liquidity requirements for periods beyond twelve months for the costs of development, property acquisitions, scheduled debt maturities, major renovations, expansions and other non-recurring capital improvements through construction loans, the incurrence of long-term secured and unsecured indebtedness, income from operations and sales of real estate and possibly the issuance of additional common and preferred units of Boston Properties Limited Partnership and equity securities of Boston Properties, Inc. In addition, we may finance the development, redevelopment or acquisition of additional properties by using our unsecured

revolving line of credit.

Rental revenues, operating expense reimbursement income from tenants, and income from the operations are our principal sources of capital used to pay operating expenses, debt service and recurring capital expenditures. We seek to increase income from our existing properties by maintaining quality standards for our properties that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. Our sources of revenue include third party fees generated by our office and industrial real estate management, leasing, development and construction businesses. Consequently, we believe our revenue will continue to provide the necessary funds for operating expenses, debt service and recurring capital expenditures.

During the year ended December 31, 2000, we paid or declared quarterly dividends totaling \$2.04 per common share (consisting of \$.45 related to the quarter ended March 31, 2000 and \$.53 related to each of the quarters ended June 30, 2000, September 30, 2000 and December 31, 2000). We intend to continue paying dividends quarterly.

Funds from Operations

Pursuant to the National Association of Real Estate Investment Trusts revised definition of Funds from Operations, we calculate Funds From Operations by adjusting net income (loss) (computed in accordance with accounting principles generally accepted in the United States, including non-recurring items), for gains (or losses) from debt restructuring and sales of properties (except gains and losses from sales of depreciable operating properties), real estate related depreciation and amortization and unconsolidated partnerships and joint ventures. We believe that Funds From Operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of our ability to incur and service debt, to make capital expenditures and to fund other cash needs. We compute Funds From Operations in accordance with standards established by the National Association of Real Estate Investment Trusts which may not be comparable to Funds From Operations reported by other REITs that do not define the term in accordance with the current National Association of Real Estate Investment Trusts or that interpret the definition differently. Funds From Operations does not represent cash generated from operating activities determined in accordance with accounting principles generally accepted in the United States and should not be considered as an alternative to net income (determined in accordance with accounting principles generally accepted in the United States) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

Environmental Matters

Some of our properties are located in urban and industrial areas where fill or current or historical industrial uses of the areas have caused site contamination. With respect to all of our properties, independent environmental consultants have been retained in the past to conduct or update Phase I environmental assessments (which generally do not involve invasive techniques such as soil or ground water sampling) and asbestos surveys. These environmental assessments have not revealed any environmental conditions that we believe will have a material adverse

effect on our business, assets or results of operations, and we are not aware of any other environmental condition with respect to any of our properties which we believe would have such a material adverse effect. However, we are aware of environmental conditions at three of our properties that may require remediation:

On January 15, 1992, a property in Massachusetts was listed by the state regulatory authority as an unclassified Confirmed Disposal Site in connection with groundwater contamination. We engaged a specially licensed environmental consultant to perform the necessary investigation and assessment and to prepare submittals to the state regulatory authority. On August 1, 1997, our consultant submitted to the state regulatory authority a Phase I - Limited Site Investigation Report and Downgradient Property Status Opinion. This Opinion concluded that the property qualifies for Downgradient Property Status under the state regulatory program, which eliminates certain deadlines for conducting response actions at a site and may qualify us for liability relief under recent statutory amendments. Although we believe that the current or former owners of the upgradient source properties may ultimately be responsible for some or all of the costs of such response actions, we will take any necessary further response actions.

An investigation at another property in Massachusetts identified groundwater contamination. We engaged a specially licensed environmental consultant to perform the necessary investigation and assessment and to prepare submittals to the state regulatory authority. On March 11, 1998, our consultant submitted to the state regulatory authority a Release Notification and Downgradient Property Status Opinion. This Opinion concluded that the property qualifies for Downgradient Property Status under the state regulatory program, which eliminates certain deadlines for conducting response actions at a site and may qualify us for liability relief under recent statutory amendments. Although we believe that the current or former owners of the upgradient source properties may ultimately be responsible for some or all of the costs of such response actions, we will take any necessary further response actions.

In February 1999, one of our affiliates acquired from Exxon Corporation a property in Massachusetts that was formerly used as a petroleum bulk storage and distribution facility and was known by the state regulatory authority to contain soil and groundwater contamination. We anticipate development of an office park on the property. Pursuant to the property acquisition agreement, Exxon has agreed to (1) bear the liability arising from releases or discharges of oil and hazardous substances which occurred at the site prior to our ownership, (2) continue remediating such releases and discharges as necessary and appropriate to comply with applicable requirements, and (3) indemnify our affiliate for certain losses arising from preexisting site conditions, including up to \$500,000 for the premium costs associated with construction-related management of contaminated soil not otherwise subject to remediation by Exxon. Any indemnity claim may be subject to various defenses. Our affiliate has engaged a specially licensed environmental consultant to oversee the management of contaminated soil that may be disturbed in the course of construction.

We expect that any resolution of the environmental matters relating the above will not have a material impact on our financial position, results of operations or liquidity.

Newly Issued Accounting Standard

As of January 1, 2001, we adopted Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 137 and No. 138 ("SFAS No. 133"). SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. It requires the recognition of all derivative instruments as assets or liabilities in our consolidated balance sheets at fair value. Changes in the fair value of derivative instruments that are not designated as hedges or that do not meet the hedge accounting criteria in SFAS No. 133 are required to be reported in earnings. For derivatives designated as hedging instruments in qualifying cash flow hedges, the effective portion of changes in fair value of the derivatives are recognized in accumulated other comprehensive loss until the forecasted transactions occur and the ineffective portions are recognized in earnings.

The nature of our derivatives include investments in warrants to purchase shares of common stock of other companies and interest rate agreements to protect against changes in interest rates for variable rate debt. Based on the terms of the warrant agreements, the warrants meet the definition of a derivative and accordingly, must be marked to fair value through earnings. We had been recording the warrants at fair value through other comprehensive loss as available for sale securities under SFAS No. 115. We estimate that upon adoption of SFAS No. 133, we will reclass approximately \$6.8 million, the fair value of the warrants, from accumulated other comprehensive loss to a cumulative effect of a change in accounting principle. Our interest rate protection agreements will be designated as hedging instruments in qualifying cash flow hedges. As such, we estimate that, upon adoption of SFAS No. 133, we will record an asset of approximately \$0.2 million and record a liability of approximately \$11.4 million for the fair values of these agreements. The offset for these entries will be to a cumulative effect of a change in accounting principle and accumulated other comprehensive loss, respectively. Finally, we estimate we will write-off deferred charges of approximately \$1.6 million as a cumulative effect of a change in accounting principle.

Inflation

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

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

Approximately \$3.0 billion of our long-term debt 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 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 on the variable rate debt as of December 31, 2000 ranged from LIBOR or Eurodollar plus 1.50% to LIBOR or Eurodollar plus 2.00%.

	Mortgage debt, including current portion (in thousands)						Total	Fair Value
	2001	2002	2003	2004	2005	2006+		
	-----	-----	-----	-----	-----	-----	-----	-----
Fixed Rate	\$153,415	186,338	218,925	106,666	269,378	2,076,038	\$3,010,760	\$3,010,760
Average Interest Rate	7.93%	7.76%	7.54%	7.30%	7.01%	7.09%	7.21%	--
Variable Rate	\$ 40,532	119,885	215,416	28,298	--	--	\$ 404,131	\$ 404,131

Item 8. Financial Statements and Supplementary Data

See "Index to Financial Statements" on page 54 this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information concerning our directors and executive officers required by Item 10 shall be included in the Proxy Statement to be filed relating to the 2001 Annual Meeting of our stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

The information concerning our executive compensation required by Item 11 shall be included in the Proxy Statement to be filed relating to the 2001 Annual Meeting of our stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Beneficial Owners and Management

The information concerning our directors and executive officers required by Item 12 shall be included in the Proxy Statement to be filed relating to the 2001 Annual Meeting of our stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information concerning our directors and executive officers required by Item 13 shall be included in the Proxy Statement to be filed relating to the 2001 Annual Meeting of our stockholders and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedule and Reports on Form 8-K

(a) Financial Statements and Financial Statement Schedule

See "Index to Financial Statements" on page 54 of this Form 10-K.

(b) Reports on Form 8-K

We filed a report on Form 8-K on October 16, 2000 which included information regarding Item 5. We filed this Form 8-K in connection with our press release regarding our third quarter 2000 earnings and information presented to investors and analysts.

(c) Exhibits

Exhibit No.	Description
-----	-----
3.1	Form of Amended and Restated Certificate of Incorporation of Boston Properties, Inc. (2)
3.2	Form of Amended and Restated Bylaws of Boston Properties, Inc. (2)
3.3	Amendment No. 1 to Amended and Restated Bylaws of Boston Properties, Inc.
4.1	Form of Shareholder Rights Agreement dated as of June , 1997 between Boston Properties, Inc. and BankBoston, N.A., as Rights Agent. (2)
4.2	Form of Certificate of Designation for Series E Junior Participating Cumulative Preferred Stock, par value \$.01 per share. (2)
4.3	Form of Certificate of Designations for the Series A Preferred Stock. (9)
4.4	Form of Common Stock Certificate. (2)
10.1	Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership, dated as of June 29, 1998. (6)

- 10.2 Certificate of Designations for the Series One Preferred Units, dated June 30, 1998, constituting an amendment to the Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership. (6)
- 10.3 Certificate of Designations for the Series Two Preferred Units, dated November 12, 1998, constituting an amendment to the Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership. (9)
- 10.4 Certificate of Designations for the Series Three Preferred Units, dated November 12, 1998, constituting an amendment to the Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership. (9)
- 10.5 Certificate of Designations for the Series Z Preferred Units, dated December 11, 2000, constituting an amendment to the Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership.
- 10.6 Amended and Restated 1997 Stock Option and Incentive Plan dated May 3, 2000 and forms of option agreements.
- 10.7 Amendment #1 to Amended and Restated 1997 Stock Option and Incentive Plan dated November 14, 2000.
- 10.8 Form of Noncompetition Agreement between Boston Properties, Inc. and Mortimer B. Zuckerman. (2)
- 10.9 Form of Employment and Noncompetition Agreement between Boston Properties, Inc. and Edward H. Linde. (2)
- 10.10 Form of Employment Agreement between Boston Properties, Inc. and certain executive officers. (2)
- 10.11 Form of Indemnification Agreement between Boston Properties, Inc. and each of its directors and executive officers. (2)
- 10.12 Omnibus Option Agreement by and among Boston Properties Limited Partnership and the Grantors named therein dated as of April 9, 1997. (2)
- 10.13 Second Amended and Restated Revolving Credit Agreement with Fleet National Bank, as agent, dated as of March 31, 2000. (10)
- 10.14 Amendment #1 to Second Amended and Restated Revolving Credit Agreement with Fleet National Bank, as agent, dated as of September 20, 2000.
- 10.15 Form of Registration Rights Agreement among Boston Properties, Inc. and the holders named therein. (2)
- 10.16 Form of Lease Agreement dated as of June , 1997 between Edward H. Linde and Mortimer B. Zuckerman, as Trustees of Downtown Boston Properties Trust, and ZL Hotel LLC. (2)
- 10.17 Form of Lease Agreement dated as of June , 1997 between Edward H. Linde and Mortimer B. Zuckerman, as Trustees of Two Cambridge Center Trust, and ZL Hotel LLC. (2)
- 10.18 Form of Certificate of Incorporation of Boston Properties Management, Inc. (2)
- 10.19 Form of By-laws of Boston Properties Management, Inc. (2)
- 10.20 Form of Limited Liability Agreement of ZL Hotel LLC. (2)
- 10.21 Indemnification Agreement between Boston Properties Limited Partnership and Mortimer B. Zuckerman and Edward H. Linde. (2)
- 10.22 Compensation Agreement between Boston Properties, Inc. and Robert Selsam, dated as of August 10, 1995 relating to 90 Church Street.(2)
- 10.23 Contribution and Conveyance Agreement concerning the Carnegie Portfolio, dated June 30, 1998 by and among Boston Properties, Inc., Boston Properties Limited Partnership, and the parties named therein as Landis Parties. (6)

- 10.24 Contribution Agreement, dated June 30, 1998, by and among Boston Properties, Inc., Boston Properties Limited Partnership, and the parties named therein as Landis Parties. (6)
- 10.25 Registration Rights and Lock-Up Agreement, dated June 30, 1998 by and among Boston Properties, Inc., Boston Properties Limited Partnership and the parties named therein as Holders. (6)
- 10.26 Non-Competition Agreement, dated as of June 30, 1998, by and between Alan B. Landis and Boston Properties, Inc. (6)
- 10.27 Agreement Regarding Directorship, dated as of June 30, 1998, by and between Boston Properties, Inc. and Alan B. Landis. (6)
- 10.28 Purchase and Sale Agreement, dated May 7, 1998, by and between The Prudential Insurance Company of America and Boston Properties Limited Partnership. (7)
- 10.29 Contribution Agreement, dated as of May 7, 1998, by and between The Prudential Insurance Company of America and Boston Properties Limited Partnership. (7)
- 10.30 Registration Rights Agreement, dated as of July 2, 1998, by and among the Registrant, Strategic Value Investors II, LLC and The Prudential Insurance Company of America. (7)
- 10.31 Purchase and Sale Agreement, dated as of November 12, 1998, by and between Two Embarcadero Center West and BP OFR LLC. (9)
- 10.32 Contribution Agreement, dated as of November 12, 1998, by and among Boston Properties, Inc., Boston Properties Limited Partnership, Embarcadero Center Investors Partnership and the partners in Embarcadero Center Investors Partnership listed on Exhibit A thereto. (9)
- 10.33 Contribution Agreement, dated as of November 12, 1998, by and among Boston Properties, Inc., Boston Properties Limited Partnership, Three Embarcadero Center West and the partners in Three Embarcadero Center West listed on Exhibit A thereto. (9)
- 10.34 Three Embarcadero Center West Redemption Agreement, dated as of November 12, 1998, by and among Three Embarcadero Center West, Boston Properties Limited Partnership, BP EC West LLC, The Prudential Insurance Company of America, PIC Realty Corporation and Prudential Realty Securities II, Inc.(9)
- 10.35 Three Embarcadero Center West Property Contribution Agreement, dated as of November 12, 1998, by and among Three Embarcadero Center West, The Prudential Insurance Company of America, PIC Realty Corporation, Prudential Realty Securities II, Inc., Boston Properties Limited Partnership, Boston Properties, Inc. and BP EC West LLC. (9)
- 10.36 Registration Rights and Lock-Up Agreement, dated November 12, 1998, by and among Boston Properties, Inc., Boston Properties Limited Partnership and the Holders named therein.(9)
- 10.37 Third Amended and Restated Partnership Agreement of One Embarcadero Center Venture, dated as of November 12, 1998, by and between Boston Properties LLC, as managing general partner, BP EC1 Holdings LLC, as non-managing general partner, and PIC Realty Corporation, as non-managing general partner. (9)
- 10.38 Third Amended and Restated Partnership Agreement of Embarcadero Center Associates, dated as of November 12, 1998, by and between BP LLC, as managing general partner, BP EC2 Holdings LLC, as non-managing general partner, and PIC Realty Corporation, as non-managing general partner. (9)

- 10.39 Second Amended and Restated Partnership Agreement of Three Embarcadero Center Venture, dated as of November 12, 1998, by and between Boston Properties LLC, as managing general partner, BP EC3 Holdings LLC, as non-managing general partner, and The Prudential Insurance Company of America, as non-managing general partner. (9)
 - 10.40 Second Amended and Restated Partnership Agreement of Four Embarcadero Center Venture, dated as of November 12, 1998, by and between Boston Properties LLC, as managing general partner, BP EC4 Holdings LLC, as non-managing general partner, and The Prudential Insurance Company of America, as non-managing general partner. (9)
 - 10.41 Note Purchase Agreement, dated as of November 12, 1998, by and between Prudential Realty Securities, Inc. and One Embarcadero Center Venture. (9)
 - 10.42 Note Purchase Agreement, dated as of November 12, 1998, by and between Prudential Realty Securities, Inc. and Embarcadero Center Associates. (9)
 - 10.43 Note Purchase Agreement, dated November 12, 1998, by and between Prudential Realty Securities, Inc. and Three Embarcadero Center Venture. (9)
 - 10.44 Note Purchase Agreement, dated November 12, 1998, by and between Prudential Realty Securities, Inc. and Four Embarcadero Center Venture. (9)
 - 10.45 Redemption Agreement, dated as of November 12, 1998, by and among One Embarcadero Center Venture, Boston Properties LLC, BP EC1 Holdings LLC and PIC Realty Corporation. (9)
 - 10.46 Redemption Agreement, dated as of November 12, 1998, by and among Embarcadero Center Associates, Boston Properties LLC, BP EC2 Holdings LLC and PIC Realty Corporation. (9)
 - 10.47 Redemption Agreement, dated as of November 12, 1998, by and among Three Embarcadero Center Venture, Boston Properties LLC, BP EC3 Holdings LLC and The Prudential Insurance Company of America. (9)
 - 10.48 Redemption Agreement, dated as on November 12, 1998, by and among Four Embarcadero Center Venture, Boston Properties LLC, BP EC4 Holdings LLC and The Prudential Insurance Company of America. (9)
 - 10.49 Option and Put Agreement, dated as of November 12, 1998, by and between One Embarcadero Center Venture and The Prudential Insurance Company of America. (9)
 - 10.50 Option and Put Agreement, dated as of November 12, 1998, by and between Embarcadero Center Associates and The Prudential Insurance Company of America. (9)
 - 10.51 Option and Put Agreement, dated as of November 12, 1998, by and between Three Embarcadero Center Venture and The Prudential Insurance Company of America. (9)
 - 10.52 Option and Put Agreement, dated as of November 12, 1998, by and between Four Embarcadero Center Venture and The Prudential Insurance Company of America. (9)
 - 10.53 Stock Purchase Agreement, dated as of September 28, 1998, by and between Boston Properties, Inc. and The Prudential Insurance Company of America. (9)
 - 10.54 Master Agreement by and between New York State Common Retirement Fund and Boston Properties Limited Partnership, dated as of May 12, 2000.
 - 21.1 Schedule of Subsidiaries of Boston Properties, Inc. (2)
 - 23.1 Consent of PricewaterhouseCoopers LLP, Independent Accountants
- (1) Incorporated herein by reference to Boston Properties, Inc.'s Registration Statement on Form S-11 (No. 333-41449).

- (2) Incorporated herein by reference to Boston Properties, Inc.'s Registration Statement on Form S-11 (No. 333-25279).
- (3) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on November 25, 1997.
- (4) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K/A filed on November 14, 1997.
- (5) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on November 26, 1997.
- (6) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on July 15, 1998.
- (7) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on July 17, 1998.
- (8) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on July 27, 1998.
- (9) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on November 25, 1998.
- (10) Incorporated herein by reference to Boston Properties, Inc.'s Report on Form 10-Q filed on May 15, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, Boston Properties, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Boston Properties, Inc.

Date

March 29, 2001

By: /s/ Douglas T. Linde

Douglas T. Linde
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 29, 2001

By: /s/ Mortimer B. Zuckerman

Mortimer B. Zuckerman
Chairman of the Board of Directors

By: /s/ Edward H. Linde

Edward H. Linde
President and Chief Executive Officer

By: /s/ Douglas T. Linde

Douglas T. Linde
Chief Financial Officer

By: /s/ Alan J. Patricof

Alan J. Patricof
Director

By: /s/ Ivan G. Seidenberg

Ivan G. Seidenberg
Director

By: /s/ Martin Turchin

Martin Turchin
Director

By: /s/ Alan B. Landis

Alan B. Landis
Director

By: /s/ Richard E. Salomon

Richard E. Salomon
Director

BOSTON PROPERTIES, INC.
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All other schedules for which a provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated financial statements and the financial statement schedule listed in the accompanying index present fairly, in all material respects, the financial position of Boston Properties, Inc. (the "Company") at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial statement schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial statement schedule, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
January 24, 2001

BOSTON PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2000	1999
	(in thousands, except for share amounts)	
ASSETS		
Real estate:	\$ 6,112,779	\$ 5,609,424
Less: accumulated depreciation	(586,719)	(470,591)
Total real estate	5,526,060	5,138,833
Cash and cash equivalents	280,957	12,035
Escrows	85,561	40,254
Investments in securities	7,012	14,460
Tenant and other receivables (net of allowance for doubtful accounts of \$2,112 and \$3,254, respectively)	26,852	28,259
Accrued rental income (net of allowance of \$3,300 and \$3,300, respectively)	91,684	82,228
Deferred charges, net	77,319	53,733
Prepaid expenses and other assets	41,154	28,452
Investments in unconsolidated joint ventures	89,871	36,518
Total assets	\$ 6,226,470	\$ 5,434,772
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes and bonds payable	\$ 3,414,891	\$ 2,955,584
Unsecured line of credit	--	366,000
Accounts payable and accrued expenses	57,338	66,780
Dividends and distributions payable	71,274	50,114
Accrued interest payable	5,599	8,486
Other liabilities	51,926	48,282
Total liabilities	3,601,028	3,495,246
Commitments and contingencies	--	--
Minority interests	877,715	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, 86,630,089 and 67,910,434 issued and outstanding in 2000 and 1999, respectively	866	679
Additional paid-in capital	1,673,349	1,067,778
Dividends in excess of earnings	(13,895)	(10,893)
Unearned compensation	(848)	--
Accumulated other comprehensive loss	(11,745)	--
Total stockholders' equity	1,647,727	1,057,564
Total liabilities and stockholders' equity	\$ 6,226,470	\$ 5,434,772

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

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2000	1999	1998
(in thousands, except for per share amounts)			
Revenue			
Rental:			
Base rent	\$ 715,358	\$ 646,924	\$ 419,756
Recoveries from tenants	92,692	72,742	48,718
Parking and other	50,892	45,751	19,103
Total rental revenue	858,942	765,417	487,577
Development and management services	11,837	14,708	12,411
Interest and other	8,574	6,439	13,859
Total revenue	879,353	786,564	513,847
Expenses			
Operating	264,701	249,268	150,490
General and administrative	35,659	29,455	22,504
Interest	217,064	205,410	124,860
Depreciation and amortization	133,150	120,059	75,418
Total expenses	650,574	604,192	373,272
Income before minority interests and joint venture income	228,779	182,372	140,575
Minority interest in property partnerships	(932)	(4,614)	(2,554)
Income from unconsolidated joint ventures	1,758	468	--
Income before minority interest in Operating Partnership	229,605	178,226	138,021
Minority interest in Operating Partnership	(76,039)	(64,917)	(39,428)
Income before gain (loss) on sale of real estate	153,566	113,309	98,593
Gain (loss) on sale of real estate, net of minority interest	(234)	6,467	--
Income before extraordinary items	153,332	119,776	98,593
Extraordinary loss, net of minority interest	(334)	--	(5,481)
Net income before preferred dividend	152,998	119,776	93,112
Preferred dividend	(6,572)	(5,829)	--
Net income available to common shareholders	\$ 146,426	\$ 113,947	\$ 93,112
Basic earnings per share:			
Income before extraordinary items	\$ 2.05	\$ 1.72	\$ 1.62
Extraordinary loss, net of minority interest	--	--	(0.09)
Net income available to common shareholders	\$ 2.05	\$ 1.72	\$ 1.53
Weighted average number of common shares outstanding	71,424	66,235	60,776
Diluted earnings per share:			
Income before extraordinary items	\$ 2.01	\$ 1.71	\$ 1.61
Extraordinary loss, net of minority interest	--	--	(0.09)
Net income available to common shareholders	\$ 2.01	\$ 1.71	\$ 1.52
Weighted average number of common and common equivalent shares outstanding	72,741	66,776	61,308

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

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock ----- Shares Amount -----	Additional Paid-in Capital -----	Dividends in excess of Earnings -----
Stockholders' Equity, December 31, 1997	38,694	\$ 387	\$ 172,347
Sale of Common Stock net of offering costs	23,000	230	764,760
Unregistered Common Stock issued	1,823	18	58,819
Conversion of operating partnership units to Common Stock	10	--	250
Allocation of minority interest			(40,490)
Net income for the year			93,112
Dividends declared			(103,291)
Stock options exercised	1	--	25
Stockholders' Equity, December 31, 1998	63,528	635	955,711
Sale of Common Stock net of offering costs	4,000	40	140,648
Unregistered Common Stock issued	343	4	12,321
Conversion of operating partnership units to Common Stock	10	--	260
Allocation of minority interest			(41,965)
Net income for the year			113,947
Dividends declared			(116,975)
Shares issued pursuant to stock purchase plan	5	--	181
Stock options exercised	24	--	622
Stockholders' Equity, December 31, 1999	67,910	679	1,067,778
Sale of Common Stock net of offering costs	17,110	171	633,591
Unregistered Common Stock issued	439	4	18,156
Conversion of operating partnership units to Common Stock	614	6	20,239
Allocation of minority interest			(85,809)
Net income for the year			146,426
Dividends declared			(149,428)
Shares issued pursuant to stock purchase plan	11	--	374
Stock options exercised	511	5	17,961
Issuance of restricted stock	35	1	1,059
Amortization of restricted stock award			
Unrealized holding losses			
Stockholders' Equity, December 31, 2000	86,630	\$ 866	\$ 1,673,349

	Unearned Compensation -----	Accumulated Other Comprehensive Loss -----	Total -----
Stockholders' Equity, December 31, 1997			\$ 175,048
Sale of Common Stock net of offering costs			764,990
Unregistered Common Stock issued			58,837
Conversion of operating partnership units to Common Stock			250
Allocation of minority interest			(40,490)
Net income for the year			93,112
Dividends declared			(103,291)
Stock options exercised			25
Stockholders' Equity, December 31, 1998			948,481
Sale of Common Stock net of offering costs			140,688
Unregistered Common Stock issued			12,325
Conversion of operating partnership units to Common Stock			260
Allocation of minority interest			(41,965)
Net income for the year			113,947
Dividends declared			(116,975)
Shares issued pursuant to stock purchase plan			181
Stock options exercised			622
Stockholders' Equity, December 31, 1999			1,057,564
Sale of Common Stock net of offering costs			633,762
Unregistered Common Stock issued			18,160
Conversion of operating partnership units to Common Stock			20,245
Allocation of minority interest			(85,809)
Net income for the year			146,426
Dividends declared			(149,428)
Shares issued pursuant to stock purchase plan			374
Stock options exercised			17,966
Issuance of restricted stock	\$(1,060)		--
Amortization of restricted stock award	212		212
Unrealized holding losses		\$ (11,745)	(11,745)
Stockholders' Equity, December 31, 2000	\$ (848)	\$ (11,745)	\$ 1,647,727

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

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,		
	2000	1999	1998
	(in thousands)		
Cash flows from operating activities:			
Net income before preferred dividend	\$ 152,998	\$ 119,776	\$ 93,112
Adjustments to reconcile net income before preferred dividend to net cash provided by operating activities:			
Depreciation and amortization	133,150	120,059	75,418
Non-cash portion of interest expense	3,693	2,364	247
Loss (gain) on sale of real estate	314	(8,736)	--
Extraordinary loss	433	--	7,743
Distributions in excess of earnings from unconsolidated joint ventures	90	(468)	--
Compensation related to restricted shares	212	--	--
Non-cash compensation	1,958	--	--
Minority interests	75,860	67,186	38,760
Change in assets and liabilities:			
Escrows	12,303	(21,240)	(4,836)
Tenant and other receivables, net	1,407	12,571	(16,372)
Accrued rental income, net	(14,509)	(17,977)	(9,061)
Prepaid expenses and other assets	(12,702)	(10,354)	(5,833)
Accounts payable and accrued expenses	(14,300)	23,277	19,075
Accrued interest payable	(2,887)	1,179	726
Other liabilities	1,644	15,832	16,308
	-----	-----	-----
Total adjustments	186,666	183,693	122,175
	-----	-----	-----
Net cash provided by operating activities	339,664	303,469	215,287
	-----	-----	-----
Cash flows from investing activities:			
Acquisitions/additions to real estate	(604,164)	(661,007)	(1,697,449)
Tenant leasing costs	(21,032)	(11,329)	(17,979)
Investments in unconsolidated joint ventures	(16,582)	10,737	(43,644)
Net proceeds from sales of real estate	70,712	13,103	--
Investments in securities	(2,297)	(6,500)	--
Notes receivable	--	--	(420,143)
	-----	-----	-----
Net cash used in investing activities	(573,363)	(654,996)	(2,179,215)
	-----	-----	-----
Cash flows from financing activities:			
Net proceeds from the issuance of common and preferred stock	633,762	240,688	819,103
Borrowings on unsecured line of credit	184,000	696,000	322,000
Repayments of unsecured line of credit	(550,000)	(345,000)	(540,000)
Repayments of mortgage notes	(525,241)	(33,362)	(159,714)
Proceeds from mortgage notes	976,390	307,525	1,226,717
Proceeds from (repayments of) notes payable	--	(328,143)	420,143
Dividends and distributions	(209,723)	(181,493)	(127,307)
Proceeds from exercise of stock options	16,008	622	--
Proceeds from employee stock purchase plan	374	181	--
Deferred financing costs	(22,949)	(5,622)	(2,408)
	-----	-----	-----
Net cash provided by financing activities	502,621	351,396	1,958,534
	-----	-----	-----
Net increase (decrease) in cash	268,922	(131)	(5,394)
Cash and cash equivalents, beginning of period	12,035	12,166	17,560
	-----	-----	-----
Cash and cash equivalents, end of period	\$ 280,957	\$ 12,035	\$ 12,166
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

BOSTON PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED

For the year ended December 31,

	2000	1999	1998
	(in thousands)		

Supplemental disclosures:

Cash paid for interest	\$ 253,971	\$ 218,820	\$ 46,422
	=====	=====	=====
Interest capitalized	\$ 37,713	\$ 16,953	\$ 6,933
	=====	=====	=====

Non-cash investing and financing activities:

Additions to real estate included in accounts payable	\$ 4,858	\$ 606	\$ 6,198
	=====	=====	=====
Mortgage notes payable assumed in connection with acquisitions	\$ 117,831	\$ 28,331	\$ 496,926
	=====	=====	=====
Mortgage notes payable assigned in connection with the sale of real estate	\$ 166,547	\$ --	\$ --
	=====	=====	=====
Bonds payable proceeds escrowed	\$ 57,610	\$ --	\$ --
	=====	=====	=====
Issuance of minority interest in connection with acquisitions	\$ 44,712	\$ 2,063	\$ 941,318
	=====	=====	=====
Dividends and distributions declared but not paid	\$ 71,274	\$ 50,114	\$ 40,494
	=====	=====	=====
Notes receivable assigned in connection with an acquisition	\$ --	\$ 420,143	\$ --
	=====	=====	=====
Notes payable assigned in connection with an acquisition	\$ --	\$ 92,000	\$ --
	=====	=====	=====
Common Stock issued in connection with an acquisition of real estate	\$ 2,660	\$ 12,325	\$ 5,000
	=====	=====	=====
Common Stock issued in connection with an acquisition of minority interest	\$ 15,500	\$ --	\$ --
	=====	=====	=====
Conversion of Operating Partnership Units to Common Stock	\$ 20,245	\$ 260	\$ 250
	=====	=====	=====
Real estate contributed to joint ventures	\$ 36,999	\$ --	\$ --
	=====	=====	=====
Unrealized loss related to investments in securities	\$ 11,745	\$ --	\$ --
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

1. Organization and Basis of Presentation

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 December 31, 2000, owned an approximate 71.9% 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 at 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 of the Company ("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. 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 bears 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, subject to the terms of such Preferred Units.

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

Properties

At December 31, 2000, the Company owned a portfolio of 145 commercial real estate properties (136 properties at December 31, 1999) (the "Properties") aggregating more than 37.9 million net rentable square feet (including 15 properties under construction totaling approximately 4.5 million net rentable square feet). The Properties consist of 134 office properties, including 103 Class A office properties and 31 Research and Development properties; eight industrial properties; three hotels; and structured parking for 17,179 vehicles containing approximately 6.0 million square feet. In addition, the Company owns or controls 49 parcels of land totaling 558.3 acres (which will support approximately 10.6 million net rentable square feet of development). The Company considers Class A office properties to be centrally located buildings that are professionally managed and maintained, that attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings. The Company considers Research and Development properties to be properties that support office, research and development and other technical uses.

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Basis of Presentation

The consolidated financial statements of the Company include all the accounts of the Company, its majority-owned Operating Partnership, and subsidiaries. All significant intercompany balances and transactions have been eliminated.

2. Summary of Significant Accounting Policies

Real Estate

Real estate is stated at depreciated cost. The Company periodically reviews its properties to determine if its carrying costs will be recovered from future operating cash flows. If the Company determines that an impairment has occurred, those assets shall be reduced to fair value. No such impairment losses have been recognized to date.

The cost of buildings and improvements include the purchase price of property, legal fees and acquisition costs. The costs of buildings under development include the capitalization of interest, property taxes and other costs incurred during the period of development.

Expenditures for repairs and maintenance are charged to operations as incurred. Significant betterments are capitalized. When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in net income or loss for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	25 to 40 years
Buildings and improvements	10 to 40 years
Tenant improvements	Shorter of useful life or terms of related lease
Furniture, fixtures, and equipment	3 to 7 years

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and investments with maturities of three months or less from the date of purchase. The majority of the Company's cash and cash equivalents are held at major commercial banks. The Company has not experienced any losses to date on its invested cash.

Escrows

Escrows include amounts established pursuant to various agreements for security deposits, property taxes, insurance and other costs. At December 31, 2000, proceeds of \$57.6 million from the permanent financing of a development property have been deposited into an escrow account and recorded in mortgage notes and bonds payable until the completion of construction on the development property, at which time the construction loan will be repaid and the proceeds will be available to the Company.

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Investments in Securities

The Company accounts for investments in securities of publicly traded companies in accordance with Statement of Financial Accounting Standard ("SFAS") No. 115 "Accounting for Certain Investments in Debt and Equity Investments" and has classified the securities as available-for-sale. Investments in securities of non-publicly traded companies are recorded at cost as they are not considered marketable under SFAS 115. As of December 31, 2000, the fair value of the investments in common stocks and warrants was approximately \$7.0 million. The gross unrealized holding loss of approximately \$11.7 million is included in accumulated other comprehensive loss on the consolidated balance sheets. At December 31, 1999, the investments in securities were reflected at cost in the consolidated balance sheet, as they were not considered marketable under SFAS No. 115.

Deferred Charges

Deferred charges include leasing costs and financing fees. Fees and costs incurred in the successful negotiation of leases, including brokerage, legal and other costs have been deferred and are being amortized on a straight-line basis over the terms of the respective leases. Fees and costs incurred to obtain long-term financing have been deferred and are being amortized over the terms of the respective loans on a basis that approximates the effective interest method and are included with interest expense. Unamortized financing and leasing costs are charged to expense upon the early repayment of financing or upon the early termination of the lease. Fully amortized deferred charges are removed from the books upon the expiration of the lease or maturity of the debt.

Investments in Unconsolidated Joint Ventures

The Company accounts for its investments in joint ventures, which it does not control, using the equity method of accounting. Under the equity method of accounting, the net equity investment of the Company is reflected on the consolidated balance sheets, and the Company's share of net income or loss from the joint ventures is included on the consolidated statements of operations.

The Company serves as the development manager for the joint ventures currently under development. The profit on development fees received from joint ventures is recognized to the extent attributable to the outside interests in the joint ventures.

Offering Costs

Underwriting commissions and offering costs have been reflected as a reduction of additional paid-in capital.

Dividends

Earnings and profits, which determine the taxability of dividends to shareholders, will differ from income reported for financial reporting purposes due to the differences for federal income tax purposes primarily in the estimated useful lives used to compute depreciation. Dividends declared represented 100% ordinary income for federal income tax purposes for the

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years ended December 31, 2000, 1999 and 1998.

Revenue Recognition

Base rental revenue is reported on a straight-line basis over the terms of the respective leases. The impact of the straight-line rent adjustment increased revenue by \$13,071, \$17,044, and \$18,510 for the years ended December 31, 2000, 1999 and 1998, respectively. Property operating cost reimbursements due from tenants for common area maintenance, real estate taxes and other recoverable costs are recognized in the period the expenses are incurred.

Accrued rental income represents rental income earned in excess of rent payments received pursuant to the terms of the individual lease agreements, net of an allowance for doubtful accounts.

Development fees are recognized ratably over the period of development. Management fees are recognized as revenue as they are earned.

The estimated fair value of warrants received in conjunction with communications license agreements are recognized over the ten-year effective terms of the license agreements.

Interest Expense and Interest Rate Protection Agreements

Interest expense on fixed rate debt with predetermined periodic rate increases is computed using the effective interest method over the terms of the respective loans.

The Company has entered into certain interest rate protection agreements to reduce the impact of changes in interest rates on its variable rate debt. Amounts paid for the agreements are amortized over the lives of the agreements on a basis that approximates the effective interest method.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of shares of Common Stock outstanding during the year. Diluted EPS reflects the potential dilution that could occur from shares issuable through stock-based compensation including stock options, conversion of the minority interests in the Operating Partnership and conversion of the preferred stock of the Company.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, escrows, receivables, accounts payable, accrued expenses and other assets and liabilities are reasonable estimates of their fair values because of the short maturities of these instruments. Mortgage notes payable have aggregate carrying values that approximate their estimated fair values based upon the remaining maturities for certain debt and interest rates for debt with similar terms and remaining maturities. The fair value of these financial instruments were not materially different from their carrying or contract values.

Income Taxes

The Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year

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ended December 31, 1997. As a result, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed to its shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 95% of its annual taxable income (90% effective January 1, 2001). The Company's policy is to distribute 100% of its taxable income. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements.

To assist the Company in maintaining its status as a REIT, the Company leases its three in-service hotel properties, pursuant to leases 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. Marriott International, Inc. manages these hotel properties under the Marriott(R) name pursuant to management agreements with the lessee. Rental revenue from these leases totaled approximately \$38.1 million, \$32.1 million and \$25.7 million for the years ended December 31, 2000, 1999 and 1998, respectively.

The net difference between the tax basis and the reported amounts of the Company's assets and liabilities is approximately \$1.2 billion as of December 31, 2000 and 1999.

Certain entities included in the Company's consolidated financial statements are subject to District of Columbia franchise taxes. Franchise taxes are recorded as operating expenses in the accompanying consolidated financial statements.

Reclassifications

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates include such items as depreciation, allowances for doubtful accounts and accrued rent. Actual results could differ from those estimates.

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3. Real Estate

Real estate consisted of the following at December 31:

	2000	1999
Land	\$ 965,140	\$ 956,222
Land held for future development	107,005	127,508
Buildings and improvements	3,939,857	3,962,789
Tenant improvements	225,305	186,878
Furniture, fixtures and equipment	57,994	38,537
Development in process	817,478	337,490
Total	6,112,779	5,609,424
Less: Accumulated depreciation	(586,719)	(470,591)
	\$5,526,060	\$5,138,833
	=====	=====

4. Deferred Charges

Deferred charges consisted of the following at December 31:

	2000	1999
Leasing costs	\$ 88,681	\$ 69,530
Financing costs	51,453	33,954
	140,134	103,484
Less: Accumulated amortization	(62,815)	(49,751)
	\$ 77,319	\$ 53,733
	=====	=====

5. Investments in Unconsolidated Joint Ventures

The investments in unconsolidated joint ventures consists of the following:

Entity	Property	%	Ownership
One Freedom Square LLC	One Freedom Square	25%	(1)
Square 407 LP	Market Square North	50%	
The Metropolitan Square Associates LLC	Metropolitan Square	51%	
BP 140 Kendrick Street LLC	140 Kendrick Street	25%	(1)
BP/CRF 265 Franklin Street Holdings LLC	265 Franklin Street	35%	
Discovery Square LLC	Discovery Square (2)	50%	
BP/CRF 901 New York Avenue LLC	901 New York Avenue (3)	25%	(1)
Two Freedom Square LLC	Two Freedom Square (2)	50%	

- (1) Ownership can increase based on certain return hurdles
(2) Property is currently under development
(3) Land held for development

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The combined summarized financial information of the unconsolidated joint ventures are as follows:

Balance Sheets	December 31,	
	2000	1999
Real estate and development in process, net	\$640,688	\$236,995
Other assets	30,919	10,473
Total assets	\$671,607	\$247,468
Mortgage and construction loans payable	\$446,520	\$164,185
Other liabilities	10,904	6,770
Partners' equity	214,183	76,513
Total liabilities and partners' equity	\$671,607	\$247,468
Company's share of equity	\$89,871	\$36,518
Statements of Operations (1)	Year Ended December 31,	
	2000	1999
Total revenue	\$42,754	\$12,836
Total expenses	37,978	10,383
Net income	\$4,776	\$2,453
Company's share of net income	\$1,758	\$468

(1) There were no in-service joint ventures during the year ended December 31, 1998.

6. Mortgage Notes and Bonds Payable

The Company had outstanding mortgage notes and bonds payable totaling \$3,414,891 and \$2,955,584 as of December 31, 2000 and 1999, respectively, each collateralized by one or more buildings and related land included in real estate assets. The mortgage notes payable are generally due in monthly installments and mature at various dates through August 1, 2021.

Fixed rate mortgage notes and bonds payable totaled approximately \$3,010,760 and \$2,820,650 at December 31, 2000 and 1999, respectively, with interest rates ranging from 6.40% to 8.59% (averaging 7.21% and 7.06% at December 31, 2000 and 1999, respectively).

Variable rate mortgage notes payable (including construction loans payable) totaled approximately \$404,131 and \$134,934 at December 31, 2000 and 1999, respectively, with interest rates ranging from 1.00% above the London Interbank Offered Rate ("LIBOR") (6.57% and 5.82% at December 31, 2000 and 1999, respectively) to 2.00% above LIBOR.

At December 31, 2000, the Company had hedge contracts totaling \$450.0 million. The hedging agreements provide for a fixed interest rate when LIBOR is less than 5.76% and when LIBOR is greater than 6.35% or 7.95% for terms remaining from two to four years per the individual hedging agreements. In addition, the Company has an interest rate swap agreement for a total of \$213.0 million which provides for a fixed interest rate of 6.0% through September 11, 2002.

Mortgage notes payable aggregating approximately \$190,492 and \$207,132 at December

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31, 2000 and 1999, respectively, are subject to periodic scheduled interest rate increases. Interest expense for these mortgage notes payable is computed using the effective interest method. Mortgage notes payable aggregating approximately \$224,818 and \$320,110 at December 31, 2000 and 1999, respectively, have been accounted for at their fair value on the date the mortgage loans were assumed. The impact of using these accounting methods decreased interest expense by \$3,579, \$4,742 and \$2,656 for the years ended December 31, 2000, 1999 and 1998, respectively. The cumulative liability related to these accounting methods was \$9,642 and \$13,575 at December 31, 2000 and 1999, respectively, and is included in mortgage notes and bonds payable.

Combined aggregate principal payments of mortgage notes and bonds payable at December 31, 2000 are as follows:

2001	\$ 193,947
2002	\$ 306,223
2003	\$ 434,342
2004	\$ 134,964
2005	\$ 269,378
Thereafter	\$2,076,037

7. Unsecured Line of Credit

As of December 31, 2000, the Company has an agreement for a \$605,000 unsecured revolving credit facility (the "Unsecured Line of Credit") maturing in March 2003. Outstanding balances under the Unsecured Line of Credit currently bear interest at a floating rate based on an increase over Eurodollar from 105 to 170 basis points, depending upon the Company's applicable leverage ratio, or the lender's prime rate. The Unsecured Line of Credit requires monthly payments of interest only.

The outstanding balance of the Unsecured Line of Credit was \$0 and \$366,000 at December 31, 2000 and 1999, respectively. The weighted average balance outstanding was approximately \$233,052 and \$256,685 during the year ended December 31, 2000 and 1999, respectively. The weighted-average interest rate on amounts outstanding was approximately 7.65% and 6.50% during the year ended December 31, 2000 and 1999, respectively.

The Company's ability to borrow under the Unsecured Line of Credit is subject to the Company's ongoing compliance with a number of financial and other covenants, including, but not limited to, maintaining a certain ratio of secured indebtedness to total asset value, as defined.

8. Commitments and Contingencies

Concentrations of Credit Risk

Management of the Company performs ongoing credit evaluations of tenants and may require tenants to provide some form of credit support such as corporate guarantees and/or other financial guarantees. Although the Company's properties are geographically diverse and the tenants operate in a variety of industries, to the extent the Company has a significant

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concentration of rental revenue from any single tenant, the inability of that tenant to make its lease payments could have an adverse effect on the Company.

Legal Matters

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Company.

Environmental Matters

Some of the Properties are located in urban and industrial areas where fill or current or historical industrial uses of the areas have caused site contamination. With respect to all of the Properties, independent environmental consultants have been retained in the past to conduct or update Phase I environmental assessments (which generally do not involve invasive techniques such as soil or ground water sampling) and asbestos surveys on all of the Properties. These environmental assessments have not revealed any environmental conditions that the Company believes will have a material adverse effect on its business, assets or results of operations, and the Company is not aware of any other environmental condition with respect to any of the Properties which the Company believes would have such a material adverse effect.

On January 15, 1992, a property in Massachusetts was listed by the state regulatory authority as an unclassified Confirmed Disposal Site in connection with groundwater contamination. The Company engaged a specially licensed environmental consultant to perform the necessary investigation and assessment and to prepare submittals to the state regulatory authority. On August 1, 1997, such consultant submitted to the state regulatory authority a Phase I - Limited Site Investigation Report and Downgradient Property Status Opinion. This Opinion concluded that the property qualifies for Downgradient Property Status under the state regulatory program, which eliminates certain deadlines for conducting response actions at a site and may qualify the Company for liability relief under recent statutory amendments. Although the Company believes that the current or former owners of the upgradient source properties may ultimately be responsible for some or all of the costs of such response actions, the Company will take any necessary further response actions.

An investigation at an additional property in Massachusetts identified groundwater contamination. The Company engaged a specially licensed environmental consultant to perform the necessary investigation and assessment and to prepare submittals to the state regulatory authority. On March 11, 1998, the consultant submitted to the state regulatory authority a Release Notification and Downgradient Property Status Opinion. This Opinion concluded that the property qualifies for Downgradient Property Status under the state regulatory program, which eliminates certain deadlines for conducting response actions at a site and may qualify the Company for liability relief under recent statutory amendments. Although the Company believes that the current or former owners of the upgradient source properties may ultimately be responsible for some or all of the costs of such response actions, the Company will take any necessary further response actions.

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In February 1999, an affiliate of the Company acquired from Exxon Corporation a property in Massachusetts that was formerly used as a petroleum bulk storage and distribution facility and was known by the state regulatory authority to contain soil and groundwater contamination. The Company anticipates development of an office park on the property. Pursuant to the property acquisition agreement, Exxon has agreed to (1) bear the liability arising from releases or discharges of oil and hazardous substances which occurred at the site prior to the Company's ownership, (2) continue remediating such releases and discharges as necessary and appropriate to comply with applicable requirements, and (3) indemnify the purchaser for certain losses arising from preexisting site conditions, including up to \$500,000 for the premium costs associated with construction-related management of contaminated soil not otherwise subject to remediation by Exxon. Any indemnity claim may be subject to various defenses. The affiliate has engaged a specially licensed environmental consultant to perform necessary pre-construction assessment activities and to oversee the management of contaminated soil that may be disturbed in the course of construction.

The Company expects that any resolution of the environmental matters relating to the above will not have a material impact on the financial position, results of operations or liquidity of the Company.

Development

The Company has entered into contracts for the construction and renovation of properties currently under construction. Commitments under these arrangements totaled approximately \$677,654 and \$759,501 at December 31, 2000 and 1999, respectively.

Sale of Property

The Operating Partnership Agreement provides that, until June 23, 2007, the Operating Partnership may not sell or otherwise transfer four designated properties in a taxable transaction without the prior written consent of the Chairman and Chief Executive Officer. In connection with the acquisition or contribution of 31 other Properties, the Company entered into similar agreements for the benefit of the selling or contributing parties which specifically state the Company will not sell or otherwise transfer the Properties in a taxable transaction until a period ranging from June 2002 to November 2008. The Operating Partnership is not required to obtain the consent from a party protected thereby if such party does not continue to hold at least a specified percentage of such party's original OP Units.

9. Minority Interests

Minority interests primarily relate to the interests of the Company in the Operating Partnership. As of December 31, 2000, the minority interest in the Operating Partnership consisted of 23,862,206 OP Units and 9,357,536 Preferred Units held by parties other than the Company.

On March 1, 2000, the Operating Partnership issued 577,817 OP Units valued at approximately \$17.5 million in connection with the acquisition of three office properties at Carnegie Center in Princeton, New Jersey.

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On June 19, 2000, the Operating Partnership issued 82,215 OP Units valued at approximately \$3.0 million in connection with the acquisition of a land parcel in Chelmsford, Massachusetts.

On December 11, 2000, the Operating Partnership issued 650,876 Series Z Preferred Units of limited partnership of the Operating Partnership (the "Series Z Preferred Units"), valued at approximately \$24.2 million, in connection with the acquisition of a 3.7-acre site known as the Plaza at Almaden in San Jose, California.

The Preferred Units at December 31, 2000 consist of 2,493,529 Series One Preferred Units of limited partnership in the Operating Partnership (the "Series One Preferred Units"), which bear a preferred distribution of 7.25% per annum on a liquidation preference of \$34.00 per unit and are convertible into OP Units at a rate of \$38.25 per Preferred Unit; 6,213,131 Series Two and Three Preferred Units of limited partnership in the Operating Partnership (the "Series Two and Three Preferred Units"), which bear a preferred distribution at an increasing rate, ranging from 5.00% to 7.00% per annum on a liquidation preference of \$50.00 per unit and are convertible into OP Units at a rate of \$38.10 per Preferred Unit; and 650,876 Series Z Preferred Units, which bear distributions at a rate ranging from zero to the distribution rate of an OP Unit, with a liquidation preference of \$37.25 per unit and are convertible into OP Units at a rate equal to the greater of (1) one for one or (2) \$37.25 divided by the fair market value of an OP Unit. Distributions to holders of Preferred Units are recognized on a straight-line basis that approximates the effective interest method.

10. Redeemable Preferred Stock and Stockholders' Equity

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

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 on November 2, 2000), resulting in net proceeds to the Company, net of underwriter's discount and offering costs, of approximately \$633.8 million.

As of December 31, 2000, the Company had 86,630,089 shares of Common Stock and 2,000,000 shares of Series A Convertible Redeemable Preferred Stock (the "Preferred Stock") outstanding. The Preferred Stock bears a preferred dividend at an increasing rate, ranging from 5.00% to 7.00% per annum on a liquidation preference of \$50.00 per share and are convertible into Common Stock at a rate of \$38.10 per share. The preferred dividend is recognized on a straight-line basis that approximates the effective interest method. These shares of Preferred Stock are not classified as equity in certain instances as 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.

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11. Future Minimum Rents

The Properties are leased to tenants under net operating leases with initial term expiration dates ranging from 2001 to 2029. The future minimum lease payments to be received (excluding operating expense reimbursements) by the Company as of December 31, 2000, under non-cancelable operating leases, are as follows:

Years Ending December 31, (in thousands)	
2001	\$ 706,952
2002	696,506
2003	679,060
2004	623,224
2005	547,914
Thereafter	2,509,988

The geographic concentration of the future minimum lease payments to be received is detailed as follows:

Location	(in thousands)
Greater Boston	\$1,243,948
Greater Washington, DC	1,532,001
New Jersey and Pennsylvania	382,014
Midtown Manhattan	1,651,524
Greater San Francisco	954,157

No one tenant represented more than 10.0% of the Company's total rental income for the years ended December 31, 2000, 1999 and 1998.

12. Segment Reporting

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting, which classifies its operations by both geographic area and property type. The Company's reportable segments by geographic area are: Greater Boston, Greater Washington, DC, Midtown Manhattan, Greater San Francisco, and New Jersey and Pennsylvania. Segments by property type include: Class A Office, R&D, Industrial, Hotel and Garage.

Asset information by reportable 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. Development and management services revenue, interest and other revenue, general and administrative expenses and interest expense are not included in operating

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income, as the internal reporting addresses these on a corporate level.

Information by Geographic Area and Property Type:
For the year ended December 31, 2000:

	Greater Boston	Greater Washington, DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue:						
Class A	\$187,426	\$212,512	\$141,400	\$182,657	\$59,442	\$783,437
R&D	5,912	19,846	0	1,851	0	27,609
Industrial	1,921	1,348	0	1,736	714	5,719
Hotels	38,703	0	0	0	0	38,703
Garage	3,474	0	0	0	0	3,474
Total	237,436	233,706	141,400	186,244	60,156	858,942
% of Grand Totals	27.64%	27.21%	16.46%	21.68%	7.01%	100.00%
Rental Expenses:						
Class A	66,688	56,078	47,537	62,940	18,255	251,498
R&D	2,315	3,498	0	334	0	6,147
Industrial	553	452	0	224	117	1,346
Hotels	4,694	0	0	0	0	4,694
Garage	1,016	0	0	0	0	1,016
Total	75,266	60,028	47,537	63,498	18,372	264,701
% of Grand Totals	28.43%	22.68%	17.96%	23.99%	6.94%	100.00%
Net Operating Income	\$162,170	\$173,678	\$93,863	\$122,746	\$41,784	\$594,241
% of Grand Totals	27.29%	29.23%	15.79%	20.66%	7.03%	100.00%

For the year ended December 31, 1999:

	Greater Boston	Greater Washington, DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue:						
Class A	\$159,661	\$202,323	\$136,814	\$158,127	\$41,852	\$698,777
R&D	5,892	18,727	0	1,672	0	26,291
Industrial	1,671	1,433	0	1,220	675	4,999
Hotels	32,902	0	0	0	0	32,902
Garage	2,448	0	0	0	0	2,448
Total	202,574	222,483	136,814	161,019	42,527	765,417
% of Grand Totals	26.47%	29.06%	17.87%	21.04%	5.56%	100.00%
Rental Expenses:						
Class A	62,676	55,346	46,938	59,076	12,695	236,731
R&D	1,744	3,568	0	381	0	5,693
Industrial	506	450	0	215	83	1,254
Hotels	4,773	0	0	0	0	4,773
Garage	817	0	0	0	0	817
Total	70,516	59,364	46,938	59,672	12,778	249,268
% of Grand Totals	28.28%	23.82%	18.83%	23.94%	5.13%	100.00%
Net Operating Income	\$132,058	\$163,119	\$89,876	\$101,347	\$29,749	\$516,149
% of Grand Totals	25.59%	31.60%	17.41%	19.64%	5.76%	100.00%

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For the year ended December 31, 1998:

	Greater Boston	Greater Washington, DC	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue:						
Class A	\$94,284	\$169,882	\$129,644	\$18,914	\$17,407	\$430,131
R&D	5,955	17,121	0	1,502	0	24,578
Industrial	1,611	1,431	0	1,349	789	5,180
Hotels	25,944	0	0	0	0	25,944
Garage	1,744	0	0	0	0	1,744
Total	129,538	188,434	129,644	21,765	18,196	487,577
% of Grand Totals	26.57%	38.65%	26.59%	4.46%	3.73%	100.00%
Rental Expenses:						
Class A	36,591	45,156	44,787	7,099	5,663	139,296
R&D	1,808	3,644	0	395	0	5,847
Industrial	525	316	0	305	107	1,253
Hotels	3,562	0	0	0	0	3,562
Garage	532	0	0	0	0	532
Total	43,018	49,116	44,787	7,799	5,770	150,490
% of Grand Totals	28.59%	32.64%	29.76%	5.18%	3.83%	100.00%
Net Operating Income	\$86,520	\$139,318	\$84,857	\$13,966	\$12,426	\$337,087
% of Grand Totals	25.67%	41.33%	25.17%	4.14%	3.69%	100.00%

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

	2000	1999	1998
Net operating income	\$594,241	\$516,149	\$337,087
Add:			
Development and management services	11,837	14,708	12,411
Interest and other	8,574	6,439	13,859
Less:			
General and administrative	35,659	29,455	22,504
Interest expense	217,064	205,410	124,860
Depreciation and amortization	133,150	120,059	75,418
Income before minority interests and joint venture income	\$228,779	\$182,372	\$140,575

13. Gain on Sale of Real Estate and Extraordinary Items

The Company realized a loss of \$0.2 million (net of minority interest share of \$0.1 million) for the year ended December 31, 2000 related to the sales of various properties. The Company realized a gain of \$6.5 million (net of minority interest share of \$2.2 million) for the year ended December 31, 1999 from the sale of a property.

The Company incurred an extraordinary loss of \$0.3 million (net of minority interest share of \$0.1 million) for the year ended December 31, 2000 from the write-off of unamortized deferred financing costs related to the early extinguishment of a mortgage note payable. The Company incurred an extraordinary loss of \$5.5 million (net of minority interest share of \$2.2

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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million) for the year ended December 31, 1998 primarily related to fees incurred in connection with the repayment of certain mortgage notes payable in connection with a property acquisition.

14. Earnings Per Share

Earnings per share is computed as follows:

	For the year ended December 31, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
Basic Earnings Per Share:			
Income available to common shareholders	\$146,426	71,424	\$2.05
Effect of Dilutive Securities:			
Stock Options and other	--	1,317	(.04)

Diluted Earnings Per Share:			
Income available to common shareholders	\$146,426	72,741	\$2.01
=====			

	For the year ended December 31, 1999		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
Basic Earnings Per Share:			
Income available to common shareholders	\$113,947	66,235	\$1.72
Effect of Dilutive Securities:			
Stock Options	--	541	(.01)

Diluted Earnings Per Share:			
Income available to common shareholders	\$113,947	66,776	\$1.71
=====			

	For the year ended December 31, 1998		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
Basic Earnings Per Share:			
Income available to common shareholders	\$93,112	60,776	\$1.53
Effect of Dilutive Securities:			
Stock Options	--	532	(.01)

Diluted Earnings Per Share:			
Income available to common shareholders	\$93,112	61,308	\$1.52
=====			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

15. Employee Benefit Plan

Effective January 1, 1985, the predecessor to the Company adopted a 401(k) Savings Plan (the "Plan") for its employees. Under the Plan, as amended, employees as defined, are eligible to participate in the Plan after they have completed three months of service. In addition, participants may elect to make an after-tax contribution of up to 10% of their wages. Upon formation, the Company adopted the Plan and the terms of the Plan.

In November 1999, the Company amended the Plan by increasing the Company's matching contribution to 200% of the first 3% from 200% of the first 2% of participant's pay contributed (utilizing pay that is not in excess of \$100) and by eliminating the vesting requirement. The effective date of these changes was January 1, 2000.

The Plan provides that matching employer contributions are to be determined at the discretion of the Company. The Company's matching contribution for the years ended December 31, 2000, 1999 and 1998 was \$1,702, \$889 and \$583, respectively.

16. Stock Option and Incentive Plan

The Company has established a stock option and incentive plan for the purpose of attracting and retaining qualified executives and rewarding them for superior performance in achieving the Company's business goals and enhancing stockholder value.

Under the plan, the number of shares available for option grant is 14,699,162 shares plus as of the first day of each calendar quarter after January 1, 2000, 9.5% of any net increase since the first day of the preceding calendar quarter in the total number of shares of Common Stock outstanding, on a fully converted basis (excluding Preferred Stock). The strike price on the shares granted is equal to the market price of the Company's Common Stock on the grant date. Shares granted under the plan vest over three or five years. The term of each option is ten years from the date of grant.

During the year ended December 31, 2000, the Company issued 34,822 shares of restricted stock valued at approximately \$1.0 million (\$30.4375 per share). The restricted stock vests over a five-year period, with one-fifth of the shares vesting each year and has been recognized net of amortization as unearned compensation on the consolidated balance sheets. There was no restricted stock issued prior to the year 2000.

A summary of the status of the Company's stock options as of December 31, 2000, 1999 and 1998 and changes during the years ended December 31, 2000, 1999 and 1998 are presented below:

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

	Shares	Weighted Average Exercise Price
	-----	-----
Outstanding at January 1, 1998	2,284,100	\$25.00
Granted	3,621,663	\$34.13
Exercised	(1,034)	\$25.00
Canceled	(66,779)	\$31.61
Outstanding at December 31, 1998	5,837,950	\$30.58
Granted	1,777,408	\$33.20
Exercised	(24,023)	\$25.87
Canceled	(35,877)	\$33.38
Outstanding at December 31, 1999	7,555,458	\$31.20
Granted	1,072,750	\$30.60
Exercised	(511,281)	\$30.59
Canceled	(15,245)	\$33.20
Outstanding at December 31, 2000	8,101,682	\$31.15
	=====	=====

The per share weighted average fair value of options granted was \$3.79, \$3.98 and \$5.49 for the years ended December 31, 2000, 1999 and 1998, respectively. The per share fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for grants in 2000, 1999 and 1998.

	2000	1999	1998
	-----	-----	-----
Dividend yield	6.90%	6.08%	4.80%
Expected life of option	6 Years	6 Years	6 Years
Risk-free interest rate	6.51%	5.07%	5.58%
Expected stock price volatility	20%	20%	20%

The following table summarizes information about stock options outstanding at December 31, 2000:

Range of Exercise Prices	Options Outstanding		Options Exercisable		
	Number Outstanding at 12/31/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
-----	-----	-----	-----	-----	-----
\$25.00 - \$36.81	8,101,682	7.47	\$31.15	3,397,714	\$32.11

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The Company applies Accounting Practice Bulletin 25 and related interpretations in accounting for its stock option plan. Accordingly, no compensation cost has been recognized.

The compensation cost under SFAS 123 for the stock performance-based plan would have been \$11,993, \$10,443 and \$6,847 for the years ended December 31, 2000, 1999 and 1998, respectively. Had compensation cost for the Company's grants for stock-based compensation plans been determined consistent with SFAS 123, the Company's net income, and net income per common share for 2000, 1999 and 1998 would approximate the pro forma amounts below:

	2000	1999	1998
	-----	-----	-----
Net income	\$134,433	\$103,504	\$86,265
Net income per common share - basic	\$ 1.88	\$ 1.56	\$ 1.42
Net income per common share - diluted	\$ 1.85	\$ 1.55	\$ 1.41

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of future amounts. SFAS 123 does not apply to future anticipated awards.

17. Employee Stock Purchase Plan

The Company adopted the 1999 Non-Qualified Employee Stock Purchase Plan (the "Stock Purchase Plan") to encourage the ownership of Common Stock by eligible employees. The Stock Purchase Plan became effective on January 1, 1999 with an aggregate maximum of 250,000 shares of Common Stock available for issuance. The Stock Purchase Plan provides for eligible employees to purchase at the end of the biannual purchase periods shares of Common Stock for 85% of the average closing price during the valuation period, as defined. The Company issued 11,105 and 5,115 shares under the Stock Purchase Plan as of December 31, 2000 and 1999, respectively. No shares were issued in 1998.

18. Selected Interim Financial Information (unaudited)

	2000 Quarter Ended			
	-----	-----	-----	-----
	March 31,	June 30,	September 30,	December 31,
	-----	-----	-----	-----
Total revenue	\$210,254	\$217,259	\$223,313	\$228,527
Income before minority interest in Operating Partnership	50,172	56,419	58,404	64,610
Income before gain on sale	32,620	37,030	38,777	45,139
Net income available to common shareholders	30,977	35,684	36,530	43,235
Income before gain on sale per share				
- - basic	.46	.52	.54	.54
Income before gain on sale per share				
- - diluted	.45	.51	.53	.52

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

	1999 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Total revenue	\$187,640	\$191,640	\$202,137	\$205,147
Income before minority interest in Operating Partnership	41,485	45,410	45,270	46,061
Income before gain on sale	25,773	28,905	29,022	29,609
Net income available to common shareholders	24,934	27,223	27,418	34,372
Income before gain on sale per share				
- - basic	.39	.42	.40	.41
Income before gain on sale per share				
- - diluted	.39	.41	.40	.41

19. Newly Issued Accounting Standard

As of January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 137 and SFAS No. 138 ("SFAS No. 133"). SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. It requires the recognition of all derivative instruments as assets or liabilities in the Company's consolidated balance sheets at fair value. Changes in the fair value of derivative instruments that are not designated as hedges or that do not meet the hedge accounting criteria in SFAS No. 133 are required to be reported in earnings. For derivatives designated as hedging instruments in qualifying cash flow hedges, the effective portion of changes in fair value of the derivatives are recognized in accumulated other comprehensive loss until the forecasted transactions occur and the ineffective portions are recognized in earnings.

The nature of the Company's derivatives includes investments in warrants to purchase shares of common stock of other companies and interest rate agreements to protect against changes in interest rates for variable rate debt. Based on the terms of the warrant agreements, the warrants meet the definition of a derivative and accordingly must be marked to fair value through earnings. The Company has been recording the warrants at fair value through accumulated other comprehensive loss as available-for-sale securities under SFAS No. 115. The Company estimates that, upon adoption of SFAS No. 133, it will reclass approximately \$6.8 million, the fair value of the warrants, from accumulated other comprehensive loss to a cumulative effect of a change in accounting principle. The Company's interest rate protection agreements will be designated as hedging instruments in qualifying cash flow hedges. As such, the Company estimates that upon adoption of SFAS No. 133, it will record an asset of approximately \$0.2 million and record a liability of approximately \$11.4 million for the fair values of these agreements. The offset for these entries will be to a cumulative effect of a change in accounting principle and accumulated other comprehensive loss, respectively. Finally, the Company estimates it will write-off deferred charges of approximately \$1.6 million as a cumulative effect of a change in accounting principle.

Boston Properties, Inc.
Schedule 3 - Real Estate and Accumulated Depreciation
December 31, 2000
(dollars in thousands)

Property Name	Type	Location	Encumbrances	Land
Embarcadero Center	Office	San Francisco, CA	\$711,325	\$211,297
Prudential Center	Office	Boston, MA	367,937	77,850
Carnegie Center	Office	Princeton, NJ	153,611	100,434
280 Park Avenue	Office	New York, NY	270,000	125,288
599 Lexington Avenue	Office	New York, NY	225,000	81,040
875 Third Avenue	Office	New York, NY	150,959	74,880
Riverfront Plaza	Office	Richmond, VA	115,647	18,000
100 East Pratt Street	Office	Baltimore, MD	91,851	27,562
Gateway Center	Office	San Francisco, CA	89,888	21,516
Reservoir Place	Office	Waltham, MA	73,858	18,207
Democracy Center	Office	Bethesda, MD	107,717	12,550
Two Independence Square	Office	Washington, DC	116,377	14,053
One and Two Reston Overlook	Office	Reston, VA	68,190	16,456
NIMA Building	Office	Reston, VA	21,495	10,567
Lockheed Martin Building	Office	Reston, VA	26,289	10,210
Candler Building	Office	Baltimore, MD	-	12,500
One Independence Square	Office	Washington, DC	74,114	9,356
2300 N Street	Office	Washington, DC	66,000	16,509
Reston Corporate Center	Office	Reston, VA	24,809	9,135
Capital Gallery	Office	Washington, DC	57,161	4,725
191 Spring Street	Office	Lexington, MA	22,797	2,850
1301 New York Avenue	Office	Washington, DC	32,710	9,250
200 West Street	Office	Waltham, MA	-	16,148
Sumner Square	Office	Washington, DC	28,298	624
University Place	Office	Cambridge, MA	25,253	-
500 E Street	Office	Washington, DC	-	109
One Cambridge Center	Office	Cambridge, MA	-	134
Orbital Sciences, Phase One	Office	Dulles, VA	25,761	3,150
Eight Cambridge Center	Office	Cambridge, MA	28,412	921
Ten Cambridge Center	Office	Cambridge, MA	35,741	1,299
Newport Office Park	Office	Quincy, MA	5,923	3,500
Bedford Business Park	Office	Bedford, MA	21,717	534

Property Name	Building	Costs Capitalized		Land and Improvements	Building and Improvements	Land Held for Development
		Acquisition	to Subsequent			
Embarcadero Center	\$996,442	\$37,979		\$212,149	\$1,033,569	\$ -
Prudential Center	443,180	234,421		77,850	479,060	28,095
Carnegie Center	340,259	14,814		107,415	338,486	-
280 Park Avenue	201,115	31,912		125,288	233,027	-
599 Lexington Avenue	100,507	71,381		81,040	171,888	-
875 Third Avenue	139,151	7,756		74,880	146,907	-
Riverfront Plaza	156,733	827		18,274	157,286	-
100 East Pratt Street	109,662	2,515		27,562	112,177	-
Gateway Center	86,395	14,517		22,290	87,537	193
Reservoir Place	88,018	5,130		18,207	93,148	-
Democracy Center	50,015	24,735		13,689	73,611	-
Two Independence Square	59,883	9,171		15,039	68,068	-
One and Two Reston Overlook	66,192	-		16,456	66,192	-
NIMA Building	67,431	2		10,567	67,433	-
Lockheed Martin Building	58,884	-		10,210	58,884	-
Candler Building	48,734	1,166		12,555	49,845	-
One Independence Square	33,701	17,504		9,634	50,927	-
2300 N Street	22,415	13,284		16,509	35,699	-
Reston Corporate Center	41,398	748		9,135	42,146	-
Capital Gallery	29,560	14,507		4,730	44,062	-
191 Spring Street	27,166	18,775		2,850	45,941	-
1301 New York Avenue	18,750	16,961		9,250	35,711	-
200 West Street	24,983	5		16,148	24,988	-
Sumner Square	28,745	10,349		958	38,760	-
University Place	37,091	973		27	38,037	-
500 E Street	22,420	11,448		1,569	32,408	-
One Cambridge Center	25,110	7,200		134	32,310	-
Orbital Sciences, Phase One	26,229	18		3,150	26,247	-
Eight Cambridge Center	25,042	262		1,101	25,124	-
Ten Cambridge Center	12,943	7,593		1,868	19,967	-
Newport Office Park	18,208	22		3,500	18,230	-
Bedford Business Park	3,403	16,135		534	19,538	-

Property Name	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built Renovated	Depreciable Lives (Years)
Embarcadero Center	\$ -	\$1,245,718	\$57,032	1924/1989	(1)

Prudential Center	170,446	755,451	29,552	1965/1993	(1)
Carnegie Center	9,606	455,507	17,414	1983-1999	(1)
280 Park Avenue	-	358,315	20,698	1968/95-96	(1)
599 Lexington Avenue	-	252,928	79,874	1986	(1)
875 Third Avenue	-	221,787	10,833	1982	(1)
Riverfront Plaza	-	175,560	11,372	1990	(1)
100 East Pratt Street	-	139,739	9,454	1975/1991	(1)
Gateway Center	12,408	122,428	2,938	1984/1986	(1)
Reservoir Place	-	111,355	5,184	1955/1987	(1)
Democracy Center	-	87,300	28,590	1985-88/94-96	(1)
Two Independence Square	-	83,107	16,791	1992	(1)
One and Two Reston Overlook	-	82,648	2,455	1999	(1)
NIMA Building	-	78,000	4,917	1987/1988	(1)
Lockheed Martin Building	-	69,094	4,293	1987/1988	(1)
Candler Building	-	62,400	2,832	1911/1990	(1)
One Independence Square	-	60,561	16,958	1991	(1)
2300 N Street	-	52,208	13,094	1986	(1)
Reston Corporate Center	-	51,281	3,105	1984	(1)
Capital Gallery	-	48,792	21,395	1981	(1)
191 Spring Street	-	48,791	15,093	1971/1995	(1)
1301 New York Avenue	-	44,961	1,938	1983/1998	(1)
200 West Street	-	41,136	1,270	1999	(1)
Sumner Square	-	39,718	1,452	1985	(1)
University Place	-	38,064	2,327	1985	(1)
500 E Street	-	33,977	15,328	1987	(1)
One Cambridge Center	-	32,444	11,909	1987	(1)
Orbital Sciences, Phase One	-	29,397	526	2000	(1)
Eight Cambridge Center	-	26,225	986	1999	(1)
Ten Cambridge Center	-	21,835	7,479	1990	(1)
Newport Office Park	-	21,730	1,594	1988	(1)
Bedford Business Park	-	20,072	8,606	1980	(1)

Boston Properties, Inc.
Schedule 3 - Real Estate and Accumulated Depreciation
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(dollars in thousands)

Property Name	Type	Location	Encumbrances	Land
201 Spring Street	Office	Lexington, MA	-	2,849
10 and 20 Burlington Mall Road	Office	Burlington, MA	16,613	930
Montvale Center	Office	Gaithersburg, MD	7,564	1,574
Fullerton Square	Office	Springfield, VA	-	3,045
The Arboretum	Office	Reston, VA	-	2,850
Three Cambridge Center	Office	Cambridge, MA	-	174
Lexington Office Park	Office	Lexington, MA	-	998
181 Spring Street	Office	Lexington, MA	-	1,066
Sugarland Business Park	Office	Herndon, VA	-	1,569
Discoverly Three	Office	Rockville, MD	-	2,650
Discoverly Two	Office	Rockville, MD	-	1,994
7700 Boston Boulevard, Building Twelve	Office	Springfield, VA	-	1,105
7501 Boston Boulevard, Building Seven	Office	Springfield, VA	-	665
91 Hartwell Avenue	Office	Lexington, MA	11,322	784
92-100 Hayden Avenue	Office	Lexington, MA	9,065	594
195 West Street	Office	Waltham, MA	-	1,611
Waltham Office Center	Office	Waltham, MA	-	422
Eleven Cambridge Center	Office	Cambridge, MA	-	121
7435 Boston Boulevard, Building One	Office	Springfield, VA	-	392
170 Tracer Lane	Office	Waltham, MA	-	398
7450 Boston Boulevard, Building Three	Office	Springfield, VA	-	1,165
8000 Grainger Court, Building Five	Office	Springfield, VA	-	366
Fourteen Cambridge Center	Office	Cambridge, MA	-	110
32 Hartwell Avenue	Office	Lexington, MA	-	168
7600 Boston Boulevard, Building Nine	Office	Springfield, VA	-	127
7601 Boston Boulevard, Building Eight	Office	Springfield, VA	-	200
7500 Boston Boulevard, Building Six	Office	Springfield, VA	-	138
33 Hayden Avenue	Office	Lexington, MA	-	266
8000 Corporate Court, Building Eleven	Office	Springfield, VA	-	136
7375 Boston Boulevard, Building Ten	Office	Springfield, VA	-	23
7451 Boston Boulevard, Building Two	Office	Springfield, VA	-	249
204 Second Avenue	Office	Waltham, MA	-	37
7374 Boston Boulevard, Building Four	Office	Springfield, VA	-	241

Property Name	Building	Costs Capitalized Subsequent to Acquisition	Land and Improvements	Building and Improvements	Land Held for Development
201 Spring Street	15,303	63	2,849	15,366	-
10 and 20 Burlington Mall Road	6,928	9,320	938	16,240	-
Montvale Center	9,786	4,361	2,399	13,322	-
Fullerton Square	11,522	622	3,045	12,144	-
The Arboretum	9,025	2,380	2,850	11,405	-
Three Cambridge Center	12,200	1,257	174	13,457	-
Lexington Office Park	1,426	11,088	1,073	12,439	-
181 Spring Street	9,520	1,924	1,066	11,444	-
Sugarland Business Park	5,955	4,108	1,569	10,063	-
Discoverly Three	8,465	40	2,650	8,505	-
Discoverly Two	8,814	94	1,994	8,908	-
7700 Boston Boulevard, Building Twelve	9,077	259	1,105	9,336	-
7501 Boston Boulevard, Building Seven	9,273	9	665	9,282	-
91 Hartwell Avenue	6,464	2,420	784	8,884	-
92-100 Hayden Avenue	6,748	2,229	594	8,977	-
195 West Street	6,652	622	1,611	7,274	-
Waltham Office Center	2,719	5,290	425	8,006	-
Eleven Cambridge Center	5,535	2,316	121	7,851	-
7435 Boston Boulevard, Building One	3,822	2,277	486	6,005	-
170 Tracer Lane	4,601	1,396	418	5,977	-
7450 Boston Boulevard, Building Three	4,681	248	1,327	4,767	-
8000 Grainger Court, Building Five	4,282	995	453	5,190	-
Fourteen Cambridge Center	4,483	569	110	5,052	-

32 Hartwell Avenue	1,943	2,741	168	4,684	-
7600 Boston Boulevard, Building Nine	2,839	1,743	189	4,520	-
7601 Boston Boulevard, Building Eight	878	3,506	378	4,206	-
7500 Boston Boulevard, Building Six	3,749	323	273	3,937	-
33 Hayden Avenue	3,234	181	266	3,415	-
8000 Corporate Court, Building Eleven	3,071	153	271	3,089	-
7375 Boston Boulevard, Building Ten	2,685	630	47	3,291	-
7451 Boston Boulevard, Building Two	1,542	1,510	535	2,766	-
204 Second Avenue	2,402	822	37	3,224	-
7374 Boston Boulevard, Building Four	1,605	439	303	1,982	-

Property Name	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built Renovated	Depreciable Lives (Years)
201 Spring Street	-	18,215	1,620	1997	(1)
10 and 20 Burlington Mall Road	-	17,178	6,829	1984-1989/95-96	(1)
Montvale Center	-	15,721	5,462	1987	(1)
Fullerton Square	-	15,189	866	1987	(1)
The Arboretum	-	14,255	709	1999	(1)
Three Cambridge Center	-	13,631	4,522	1987	(1)
Lexington Office Park	-	13,512	5,661	1982	(1)
181 Spring Street	-	12,510	264	1999	(1)
Sugarland Business Park	-	11,632	1,517	1986/1997	(1)
Decoverly Three	-	11,155	548	1989	(1)
Decoverly Two	-	10,902	656	1987	(1)
7700 Boston Boulevard, Building Twelve	-	10,441	902	1997	(1)
7501 Boston Boulevard, Building Seven	-	9,947	772	1997	(1)
91 Hartwell Avenue	-	9,668	4,040	1985	(1)
92-100 Hayden Avenue	-	9,571	3,521	1985	(1)
195 West Street	-	8,885	2,142	1990	(1)
Waltham Office Center	-	8,431	3,831	1968-1970/87-88	(1)
Eleven Cambridge Center	-	7,972	2,974	1984	(1)
7435 Boston Boulevard, Building One	-	6,491	2,853	1982	(1)
170 Tracer Lane	-	6,395	3,542	1980	(1)
7450 Boston Boulevard, Building Three	-	6,094	333	1987	(1)
8000 Grainger Court, Building Five	-	5,643	2,148	1984	(1)
Fourteen Cambridge Center	-	5,162	2,067	1983	(1)
32 Hartwell Avenue	-	4,852	3,497	1968-1979/1987	(1)
7600 Boston Boulevard, Building Nine	-	4,709	1,957	1987	(1)
7601 Boston Boulevard, Building Eight	-	4,584	1,711	1986	(1)
7500 Boston Boulevard, Building Six	-	4,210	1,597	1985	(1)
33 Hayden Avenue	-	3,681	1,709	1979	(1)
8000 Corporate Court, Building Eleven	-	3,360	983	1989	(1)
7375 Boston Boulevard, Building Ten	-	3,338	1,207	1988	(1)
7451 Boston Boulevard, Building Two	-	3,301	2,028	1982	(1)
204 Second Avenue	-	3,261	1,645	1981/1993	(1)
7374 Boston Boulevard, Building Four	-	2,285	896	1984	(1)

Boston Properties, Inc.
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December 31, 2000
(dollars in thousands)

Property Name	Type	Location	Encumbrances	Land
164 Lexington Road	Office	Billerica, MA	-	592
Hilltop Business Center	Office	San Francisco, CA	5,738	53
17 Hartwell Avenue	Office	Lexington, MA	-	26
6201 Columbia Park Road, Building Two	Industrial	Landover, MD	-	505
38 Cabot Boulevard	Industrial	Langhorne, PA	-	329
40-46 Harvard Street	Industrial	Westwood, MA	-	351
2000 South Club Drive, Building Three	Industrial	Landover, MD	-	465
25-33 Dartmouth Street	Industrial	Westwood, MA	-	273
2391 West Winton Avenue	Industrial	Hayward, CA	-	182
430 Rozzi Place	Industrial	San Francisco, CA	-	9
560 Forbes Boulevard	Industrial	San Francisco, CA	-	9
Cambridge Center Marriott	Hotel	Cambridge, MA	-	478
Long Wharf Marriott	Hotel	Boston, MA	-	1,752
Residence Inn by Marriott	Hotel	Cambridge, MA	-	2,307
Cambridge Center North Garage	Garage	Cambridge, MA	-	1,163
Five Times Square	Development	New York, NY	184,157	-
Times Square Tower	Development	New York, NY	-	-
New Dominion Technology Park, One	Development	Herndon, VA	98,142	-
Plaza at Almaden	Development	San Jose, CA	-	-
2600 Tower Oaks Boulevard	Development	Rockville, MD	18,083	-
Waltham/Weston Corporate Center	Development	Waltham, MA	-	-
Quorum Office Park	Development	Chelmsford, MA	11,111	-
Orbital Sciences, Phase Two	Development	Dulles, VA	8,032	-
One Preserve Parkway	Development	Rockville, MD	-	-
40 Shattuck Road	Development	Andover, MA	6,224	-
Broad Run Business Park, Building E	Development	Loudon County, VA	-	-
Decoverly Seven	Development	Rockville, MD	-	-
ITT Educational Services Building	Development	Springfield, VA	-	-
Tower Oaks Master Plan	Land	Rockville, MD	-	-
Washingtonian North	Land	Gaithersburg, MD	-	-
Crane Meadow	Land	Marlborough, MA	-	-
Broad Run Business Park	Land	Loudon County, VA	-	-
12050 Sunset Hills Road	Land	Reston, VA	-	-

Property Name	Building	Costs Capitalized Subsequent to Acquisition	Land and Improvements	Building and Improvements	Land Held for Development
164 Lexington Road	1,370	132	592	1,502	-
Hilltop Business Center	492	1,504	109	1,940	-
17 Hartwell Avenue	150	587	26	737	-
6201 Columbia Park Road, Building Two	2,746	1,227	960	3,518	-
38 Cabot Boulevard	1,238	2,608	329	3,846	-
40-46 Harvard Street	1,782	1,327	351	3,109	-
2000 South Club Drive, Building Three	2,125	740	859	2,471	-
25-33 Dartmouth Street	1,596	503	273	2,099	-
2391 West Winton Avenue	1,217	615	182	1,832	-
430 Rozzi Place	217	33	9	250	-
560 Forbes Boulevard	120	-	9	120	-
Cambridge Center Marriott	37,918	7,806	478	45,724	-
Long Wharf Marriott	31,904	9,302	1,752	41,206	-
Residence Inn by Marriott	22,732	75	2,307	22,807	-
Cambridge Center North Garage	11,633	147	1,163	11,780	-
Five Times Square	-	273,773	-	-	-
Times Square Tower	-	175,724	-	-	-
New Dominion Technology Park, One	-	41,870	-	-	-
Plaza at Almaden	-	26,956	-	-	-
2600 Tower Oaks Boulevard	-	26,315	-	-	-
Waltham/Weston Corporate Center	-	20,533	-	-	-
Quorum Office Park	-	16,165	-	-	-
Orbital Sciences, Phase Two	-	13,642	-	-	-
One Preserve Parkway	-	9,057	-	-	-
40 Shattuck Road	-	8,381	-	-	-
Broad Run Business Park,	-	-	-	-	-

Building E	-	6,531	-	-	-
Discoverly Seven	-	5,290	-	-	-
ITT Educational Services Building	-	781	-	-	-
Tower Oaks Master Plan	-	19,195	-	-	19,195
Washingtonian North	-	16,175	-	-	16,175
Crane Meadow	-	7,760	-	-	7,760
Broad Run Business Park	-	5,575	-	-	5,575
12050 Sunset Hills Road	-	5,529	-	-	5,529

Property Name	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built Renovated	Depreciable Lives (Years)
164 Lexington Road	-	2,094	199	1982	(1)
Hilltop Business Center	-	2,049	914	early 1970's	(1)
17 Hartwell Avenue	-	763	579	1968	(1)
6201 Columbia Park Road, Building Two	-	4,478	1,650	1986	(1)
38 Cabot Boulevard	-	4,175	2,581	1972/1984	(1)
40-46 Harvard Street	-	3,460	3,100	1967/1996	(1)
2000 South Club Drive, Building Three	-	3,330	987	1988	(1)
25-33 Dartmouth Street	-	2,372	1,564	1966/1996	(1)
2391 West Winton Avenue	-	2,014	1,101	1974	(1)
430 Rozzi Place	-	259	52	early 1970's	(1)
560 Forbes Boulevard	-	129	74	early 1970's	(1)
Cambridge Center Marriott	-	46,202	15,196	1986	(1)
Long Wharf Marriott	-	42,958	18,909	1982	(1)
Residence Inn by Marriott	-	25,114	735	1999	(1)
Cambridge Center North Garage	-	12,943	3,325	1990	(1)
Five Times Square	273,773	273,773	-	Various	N/A
Times Square Tower	175,724	175,724	-	Various	N/A
New Dominion Technology Park, One	41,870	41,870	-	Various	N/A
Plaza at Almaden	26,956	26,956	-	Various	N/A
2600 Tower Oaks Boulevard	26,315	26,315	-	Various	N/A
Waltham/Weston Corporate Center	20,533	20,533	-	Various	N/A
Quorum Office Park	16,165	16,165	-	Various	N/A
Orbital Sciences, Phase Two	13,642	13,642	-	Various	N/A
One Preserve Parkway	9,057	9,057	-	Various	N/A
40 Shattuck Road	8,381	8,381	-	Various	N/A
Broad Run Business Park, Building E	6,531	6,531	-	Various	N/A
Discoverly Seven	5,290	5,290	-	Various	N/A
ITT Educational Services Building	781	781	-	Various	N/A
Tower Oaks Master Plan	-	19,195	-	Various	N/A
Washingtonian North	-	16,175	-	Various	N/A
Crane Meadow	-	7,760	-	Various	N/A
Broad Run Business Park	-	5,575	-	Various	N/A
12050 Sunset Hills Road	-	5,529	-	Various	N/A

Boston Properties, Inc.
Schedule 3 - Real Estate and Accumulated Depreciation
December 31, 2000
(dollars in thousands)

Property Name	Type	Location	Encumbrances	Land
12280 Sunrise Valley Drive New Dominion Technology Park, Two	Land	Reston, VA	-	-
599 Van Buren Street Discoverly Six	Land	Herndon, VA	-	-
Cambridge Master Plan Discoverly Five	Land	Rockville, MD	-	-
Discoverly Four	Land	Cambridge, MA	-	-
Seven Cambridge Center 30 Shattuck Road	Land	Rockville, MD	-	-
Virginia Master Plan	Land	Cambridge, MA	-	-
			Andover, MA	-
			Springfield, VA	-
			\$3,414,891	\$948,165

Property Name	Costs Capitalized Subsequent to Acquisition		Land and Improvements	Building and Improvements	Land Held for Development
	Building	Acquisition			
12280 Sunrise Valley Drive New Dominion Technology Park, Two	-	3,902	-	-	3,902
599 Van Buren Street Discoverly Six	-	3,827	-	-	3,827
Cambridge Master Plan Discoverly Five	-	3,640	-	-	3,640
Discoverly Four	-	3,624	-	-	3,624
Seven Cambridge Center 30 Shattuck Road	-	2,969	-	-	2,969
Virginia Master Plan	-	1,806	-	-	1,806
	-	1,785	-	-	1,785
	-	1,157	-	-	1,157
	-	1,007	-	-	1,007
	-	766	-	-	766
	\$3,718,234	\$1,388,386	\$965,140	\$4,165,162	\$107,005

Property Name	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built Renovated	Depreciable Lives (Years)
12280 Sunrise Valley Drive New Dominion Technology Park, Two	-	3,902	-	Various	N/A
599 Van Buren Street Discoverly Six	-	3,827	-	Various	N/A
Cambridge Master Plan Discoverly Five	-	3,640	-	Various	N/A
Discoverly Four	-	3,624	-	Various	N/A
Seven Cambridge Center 30 Shattuck Road	-	2,969	-	Various	N/A
Virginia Master Plan	-	1,806	-	Various	N/A
	-	1,785	-	Various	N/A
	-	1,157	-	Various	N/A
	-	1,007	-	Various	N/A
	-	766	-	Various	N/A
	\$817,478	\$6,054,785	\$553,264		

(1) Depreciation of the buildings and improvements are calculated over lives ranging from the life of the lease to 40 years.

(2) The aggregate cost and accumulated depreciation for tax purposes was approximately \$4,900,000 and \$820,000, respectively.

Boston Properties, Inc.
Real Estate and Accumulated Depreciation
December 31, 2000
(dollars in thousands)

A summary of activity for real estate and accumulated depreciation is as follows:

	2000 -----	1999 -----	1998 -----
Real Estate:			
Balance at the beginning of the year	\$ 5,570,887	\$ 4,881,483	\$ 1,754,780
Additions to and improvements of real estate	759,540	691,199	3,129,121
Assets sold and written-off	(275,642)	(1,795)	(2,418)
Balance at the end of the year	\$ 6,054,785 =====	\$ 5,570,887 =====	\$ 4,881,483 =====
Accumulated Depreciation:			
Balance at the beginning of the year	\$ 445,138	\$ 336,165	\$ 266,987
Depreciation expense	118,748	110,768	71,596
Assets sold and written-off	(10,622)	(1,795)	(2,418)
Balance at the end of the year	\$ 553,264 =====	\$ 445,138 =====	\$ 336,165 =====

BOSTON PROPERTIES LIMITED PARTNERSHIP

CERTIFICATE OF DESIGNATIONS

ESTABLISHING AND FIXING THE RIGHTS, LIMITATIONS AND
PREFERENCES OF A SERIES OF PREFERRED UNITS

DENOMINATED THE SERIES Z PREFERRED UNITS

Reference is made to the Second Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") of Boston Properties Limited Partnership, a Delaware limited partnership (the "Partnership"), of which this Certificate of Designations (this "Certificate") shall become a part. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the main part of the Partnership Agreement. Section references are (unless otherwise specified) references to sections in this Certificate.

WHEREAS, Section 14.1.B(3) of the main part of the Partnership Agreement permits the General Partner, without the consent of the Limited Partners, to amend the Partnership Agreement for the purpose of setting forth and reflecting in the Partnership Agreement the designations, rights, powers, duties, and preferences of holders of any additional Partnership Interests issued pursuant to Section 4.2.A of the main part of the Partnership Agreement; and

WHEREAS, the General Partner desires by this Certificate to so amend the Partnership Agreement as of this ___ day of December, 2000.

NOW, THEREFORE, the General Partner has set forth in this Certificate the following description of the preferences and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion of a class and series of Partnership Interest to be represented by Partnership Units which shall be referred to as "Series Z Preferred Units":

1. Designation and Number. A series of Preferred Units, designated the "Series Z Preferred Units," is hereby established.

2. Definitions. For purposes of this Certificate of Designations, the following terms shall have the meanings indicated:

"Adjusted Fair Market Value" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"Adjustment Event" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Adjustment Factor" shall mean a factor equal to one (1), unless one or more Adjustment Events occur between the Signing Date and any of the Conversion Date, a Redemption Date or

an Option Strike Date, as applicable, in which case this factor shall be recalculated pursuant to Section 7(d) hereof.

"Constituent Person" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Contribution Agreement" means that certain Contribution Agreement dated as of February 11, 2000 by and among the Owner, as named therein, on the one hand, and the Partnership, on the other hand (as may be amended, modified or supplemented from time to time).

"Conversion Price" shall mean the Fair Market Value of a Common Unit as of either the Conversion Date or the Option Strike Date, as applicable.

"Conversion Date" shall have the meaning set forth in Section 7(a) hereof.

"Current Market Price" of a REIT Share or of a publicly traded security of any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such Nasdaq National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the Partnership or the General Partner. "Current Market Price" of a Common Unit as of any day means the Current Market Price of a REIT Share multiplied by the Conversion Factor, as such term is defined in the main part of the Partnership Agreement.

"Distribution Payment Date" shall mean the dates upon which the General Partner makes quarterly distributions in accordance with Section 5.1 of the main part of the Partnership Agreement.

"Distribution Periods" shall have the meaning given such term in the main part of the Partnership Agreement.

"Fair Market Value" shall mean the average of the daily Current Market Prices per Common Unit during the ten (10) consecutive Trading Days ending not later than (and including) the third business day immediately preceding the day in question.

"Full Distribution Period" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"Half Distribution Period" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"Junior Units" shall mean the Common Units and any other class or series of Partnership Units constituting junior units within the meaning set forth in paragraph (c) of Section 9 hereof.

"Liquidation Event" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"Liquidation Preference" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"Non-Electing Unit" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Optional Conversion Notice" shall have the meaning set forth in paragraph (a) of Section 6 hereof.

"Optional Conversion Right" shall have the meaning set forth in paragraph (a) of Section 6 hereof.

"Option Strike Date" shall have the meaning set forth in paragraph (a) of Section 6 hereof.

"Parity Units" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"Redemption Amount" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Redemption Date" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Redemption Notice" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Redemption Requirement" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Reference Record Date" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"Registration Rights and Lock-Up Agreement" shall mean that certain Registration Rights and Lock-Up Agreement, dated as of December __, 2000, between the Company and the Holders named therein.

"Regular Common Unit Distribution" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"Securities" shall have the meaning set forth in paragraph (d)(iii) of Section 7 hereof.

"Set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Partnership in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of a distribution by the General Partner, the allocation of funds to be so paid on any series or class of Partnership Units; provided, however, that if any funds for any class or series of Junior Units or Parity Units are placed in a separate account of the Partnership or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series Z Preferred Units shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Signing Date" shall mean February 11, 2000 (the date of signing of the Contribution Agreement).

"Stated Distribution" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

"Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange ("NYSE"), or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such Nasdaq National Market, in the applicable securities market in which the securities are traded.

"Transaction" shall have the meaning set forth in paragraph (e) of Section 7 hereof.

"Zero Distribution Period" shall have the meaning set forth in paragraph (a) of Section 3 hereof.

3. Distributions.

(a) The holders of Series Z Preferred Units shall not be entitled to receive any distributions until and including August 11, 2001 (18 months from the Signing Date) (the "Zero Distribution Period"). After August 11, 2001 and until and including February 11, 2002 (24 months from the Signing Date) (the "Half Distribution Period"), in respect of each Distribution Payment Date, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, the holders of Series Z Preferred Units shall be entitled to receive distributions in an amount per Series Z Preferred Unit equivalent to one-half of the regular, quarterly cash distribution per Common Unit (the "Regular Common Unit Distribution") paid to holders of record of Common Units on the record date (the "Reference Record Date") established by the General Partner with respect to such Distribution Payment Date. After February 11, 2002 (24 months from the Signing Date), so long as Series Z Preferred Units continue to be outstanding (the "Full Distribution Period"), in respect of each Distribution Payment Date, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, the holders of Series Z Preferred Units shall be entitled to receive Stated Distribution in an amount per Series Z Preferred Unit equivalent to the Regular

Common Unit Distribution paid to holders of record of Common Units on the Reference Record Date. If a Distribution Period includes portions of the Zero Distribution Period and the Half Distribution Period or parts of the Half Distribution Period and the Full Distribution Period, then the Stated Distribution shall be pro rated as appropriate on the basis of the number of days within such Distribution Period included in a Zero Distribution Period, a Half Distribution Period or a Full Distribution Period, as applicable.

For purposes of determining the amount distributable to the holders of Series Z Preferred Units on a per Series Z Preferred Units basis (the "Stated Distribution"):

- (i) if an Adjustment Event occurs after the Signing Date, then the Stated Distribution for the applicable Distribution Period shall be calculated by multiplying the applicable Regular Common Unit Distribution by the Adjustment Factor, as recalculated to give effect to such Adjustment Event; and
- (ii) if a special cash distribution was paid to holders of Common Units on the Reference Record Date or at any time prior to the Reference Record Date and after the last record date for regular, quarterly cash distributions, then the Stated Distribution shall include, in addition to the Regular Distribution paid in respect of the Reference Record Date, an amount equal to the applicable proportionate share (depending on whether the payment is made during a Zero Distribution Period, a Half Distribution Period or a Full Distribution Period) of such special cash distribution paid in respect of each Common Unit (for clarity, it is noted that the effect of this sentence is to assure that in calculating the Stated Distribution the holders of Series Z Preferred Units will benefit from any cash distributions paid in respect of Common Units even if such cash distributions might not be characterized as "regular, quarterly cash distributions").

In the event that a Series Z Preferred Unit is outstanding for only a portion of a Distribution Period, then the Stated Distribution with respect to such Series Z Preferred Unit and such Distribution Period shall be determined as provided in the preceding sentence but shall then be adjusted by multiplying such amount by a fraction, the numerator of which equals the number of days such Series Z Preferred Unit had been outstanding during such period and the denominator of which shall equal the total number of days during such Distribution Period. Such distributions shall, with respect to each Series Z Preferred Unit, be payable in arrears on each Distribution Payment Date. Each such distribution shall be payable to the holders of record of the Series Z Preferred Units, as they appear on the records of the Partnership on the applicable Reference Record Date.

(b) During any Distribution Period, so long as any Series Z Preferred Units are outstanding, no distributions (whether in cash or in kind or upon liquidation of the Partnership), except as described in the immediately following sentence, shall be authorized and declared or paid on any series or class or classes of Parity Units for such Distribution Period, unless full distributions have been or contemporaneously are authorized and declared and paid on the Series

Z Preferred Units for such Distribution Period. When distributions are not paid in full upon the Series Z Preferred Units and any other class or classes of Parity Units, all distributions authorized upon the Series Z Preferred Units and any other class or classes of Parity Units shall be authorized and declared ratably in proportion to the respective amounts of distributions unpaid on the Series Z Preferred Units and such Parity Units (which shall not include any accrual in respect of unpaid distributions for prior distribution periods if such Parity Units do not have a cumulative distribution).

(c) During any Distribution Period, so long as any Series Z Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units, or options, warrants or rights to subscribe for or purchase Junior Units) shall be authorized and declared or paid or other distribution authorized and declared or made upon Junior Units for any period, unless the full distributions on all outstanding Series Z Preferred Units and any other Parity Units shall have been paid or are contemporaneously paid for such Distribution Period with respect to the Series Z Preferred Units.

(d) Without limiting the other provisions hereof, no distributions on Series Z Preferred Units (other than liquidating distributions made in accordance with Section 13.2 of the main part of the Partnership Agreement and Section 4 hereof) shall be paid by the Partnership at such time as the terms and provisions of any agreement of the Partnership or its affiliates or subsidiaries, relating to bona fide indebtedness for borrowed money, prohibits such declaration or payment or provides that such declaration or payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

(e) Upon liquidation, dissolution or winding up of the Partnership, no distributions shall be made to any series or class or classes of Junior Units until after payment shall have been made in full to the holders of any Series Z Preferred Units then outstanding, as provided in Section 4(a).

(f) With respect to Common Units issued upon conversion of Series Z Preferred Units pursuant to Sections 6 or 7 hereof or upon redemption of Series Z Preferred Units pursuant to Section 5 hereof, the first Regular Common Unit Distribution subsequent to the date of conversion or redemption, as applicable, shall be reduced by multiplying the amount of such distribution by a fraction, the numerator of which equals the number of days such Common Units had been outstanding during the quarterly period to which such distribution relates and the denominator of which shall equal the total number of days during such quarterly period.

4. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Partnership, whether voluntary or involuntary ("Liquidation Event"), before any payment or distribution of the assets of the Partnership (whether capital or surplus) shall be made to or set apart for the holders of Junior Units, the holders of Series Z Preferred Units shall be entitled to receive Thirty-Seven Dollars and Twenty-Five Cents (\$37.25) per Series Z Preferred Unit (the "Liquidation Preference").

If, upon any such Liquidation Event, the assets of the Partnership, or proceeds thereof, distributable among the holders of Series Z Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series Z Preferred Units and any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series Z Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full.

(b) Subject to the rights of the holders of Units of any series or class or classes of Units ranking on a parity with or senior to the Series Z Preferred Units upon any such Liquidation Event, after payment shall have been made in full to the holders of the Series Z Preferred Units and Parity Units, as provided in this Section 4, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed.

(c) After payment of the full amount of the liquidating distributions to which they are entitled pursuant to Sections 4(a) and (b), the holders of Series Z Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

(d) The consolidation or merger of the Partnership with or into any other corporation, partnership or entity or of any other corporation, partnership or entity with or into the Partnership, or an exchange of Units or partnership interests, or the sale, lease or conveyance of all or substantially all of the property or business of the Partnership, shall not be deemed to constitute a Liquidation Event.

5. Redemption.

(a) If the Conversion Date has not occurred by August 11, 2002 (30 months after the Signing Date) the General Partner shall give written notice on that date as required below and must thereafter redeem for cash all but not less than all of the Series Z Preferred Units which have not been converted pursuant to Section 6 or Section 7 hereof on or before the Redemption Date (as defined below). The obligation of the General Partner described in this paragraph 5(a) shall be referred to as the "Redemption Requirement." Pursuant to the Redemption Requirement, the General Partner shall deliver a notice on August 11, 2002 (30 months after the Signing Date) (the "Redemption Notice") to each holder of record of Series Z Preferred Units. The date on which the Series Z Preferred Units are to be redeemed (the "Redemption Date") shall be selected by the General Partner, shall be specified in the Redemption Notice, and shall be not less than thirty (30) days or more than sixty (60) days after August 11, 2002 (30 months after the Signing Date). The Redemption Notice shall be delivered by the General Partner to each holder of record of outstanding Series Z Preferred Units in accordance with Section 10. If the General Partner delivers a Redemption Notice to the holders of Series Z Preferred Units, such holders shall have the right, subject to Section 7(a) hereof, to convert their Series Z Preferred Units pursuant to Section 6 hereof on or before the Redemption Date. To the extent that Series Z Preferred Units are so converted, the General Partner's obligation to redeem such units shall terminate effective upon such conversion.

(b) Upon redemption of Series Z Preferred Units by the Partnership on the Redemption Date, each holder of a Series Z Preferred Unit so redeemed shall be entitled to receive from the Partnership an amount in cash with respect to each Series Z Preferred Unit redeemed pursuant to the Redemption Requirement an amount (the "Redemption Amount") determined in accordance with clause (i) or clause (ii), as applicable, of this paragraph 5(b) in exchange for such Series Z Preferred Unit:

- (i) if on the Redemption Date the Adjusted Fair Market Value (as defined below) of a Common Unit is equal to or greater than the Liquidation Preference, then the Redemption Amount shall equal the product of (A) the Fair Market Value of a Common Unit as of the Redemption Date multiplied by (B) the Adjustment factor;
- (ii) If on the Redemption Date the Adjusted Fair Market Value of a Common Unit is less than the Liquidation Preference, then the Redemption Amount shall equal the Liquidation Preference.

For purposes of this Section 5(b), the Adjusted Fair Market Value as of any date shall equal the Fair Market Value as of such date multiplied by the Adjustment Factor.

(c) A Redemption Notice shall be provided in the manner provided in Section 10. Any defect in a Redemption Notice or in the mailing thereof, to any particular holder, shall not affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any Redemption Notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date of deemed delivery provided in Section 10, whether or not the holder receives the notice. Notice having been delivered as aforesaid, from and after the Redemption Date, said Series Z Preferred Units shall no longer be deemed to be outstanding, and all rights of the holders thereof as holders of Series Z Preferred Units of the Partnership shall cease (except the rights to receive cash upon such redemption).

(d) After the redemption of Series Z Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Series Z Preferred Units held by such person immediately after such redemption.

(e) Each Series Z Preferred Unit holder covenants and agrees with the Partnership that all Series Z Preferred Units delivered for redemption pursuant to this Section 5 shall be delivered to the Partnership free and clear of all liens, and, notwithstanding anything contained herein to the contrary, the Partnership shall not be under any obligation to redeem Series Z Preferred Units which are subject to any liens.

(f) The rights of each holder of Series Z Preferred Unit pursuant to this Certificate of Designations in general and this Section 5 in particular arise solely from such holder ownership as a limited partner of partnership interests in the Partnership and not from such holder being a creditor of the Partnership, and none of such rights with respect to any required redemption pursuant to this Section 5 shall constitute a "claim" as such term is defined in Section 101 of the United States Bankruptcy Code, as amended; provided, however, that any

rights in respect of such Series Z Preferred Units shall constitute equity interests of each holder thereof hereunder, it being agreed and understood that no holder of Series Z Preferred Units is waiving any equity interest such holder has in the Partnership or any rights to assert any such interests in any bankruptcy proceeding or otherwise.

6. Conversion at the Option of a Holder.

Holders of Series Z Preferred Units shall have the right to convert all or a portion of such units into Common Units, as follows:

(a) Subject to and upon compliance with the provisions of this Section 6, on the earlier of (A) any day from and after February 11, 2002 (24 months from the Signing Date) or (B) the effective time of a Liquidation Event or (C) the effective time of a Transaction (each such day, an "Option Strike Date"), each holder of Series Z Preferred Units, upon giving prior written notice as provided below, shall have the right to convert all or any portion of such holder's Series Z Preferred Units into a number of fully paid and non-assessable Common Units equal to the greater of (i) one (1) multiplied by the Adjustment Factor or (ii) Liquidation Preference of the Series Z Preferred Units to be converted divided by the Conversion Price. Such right of each holder of Series Z Preferred Units described in this Section 6(a) shall be referred to as the "Optional Conversion Right."

In order to exercise its Optional Conversion Right, a holder of Series Z Preferred Units shall deliver a notice (an "Optional Conversion Notice") in the form attached hereto as Exhibit A to the Partnership (with a copy to the General Partner) not less than 30 nor more than 60 days prior to an Option Strike Date; provided, however, that the right of a holder of Series Z Preferred Units to deliver an Optional Conversion Notice with respect to Series Z Preferred Units called for redemption pursuant to Section 5 hereof shall terminate on that date which is the third business day prior to the Redemption Date, unless the Partnership shall default in making the cash payment required upon redemption on the Redemption Date as provided in Section 5 hereof; and provided, further, however, that if the General Partner has not given to the holders of Series Z Preferred Units notice of a proposed or upcoming Liquidation Event or Transaction at least forty-five (45) days prior to the effective date of such Liquidation Event or Transaction, then holders of Series Z Preferred Units shall have the right to deliver an Optional Conversion Notice until the earlier of (x) the Twentieth day after such notice from the General Partner of a Liquidation Event or Transaction or (y) the third business day immediately preceding the effective date of the applicable Liquidation Event or Transaction.

(b) A conversion of Series Z Preferred Units for which the holder thereof has given an Optional Conversion Notice shall occur automatically after the close of business on the applicable Option Strike Date without any action on the part of the holders of Series Z Preferred Units, and immediately after the close of business on the Option Strike Date the holders of Series Z Preferred Units who had all or a portion of their Series Z Preferred Units converted shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the Common Units issuable upon such conversion.

After the conversion of Series Z Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Common Units and Preferred Units held by such person immediately after such conversion.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the Option Strike Date specified in the Optional Conversion Notice and the Series Z Preferred Units so presented for conversion shall be deemed converted into Common Units at the close of business on such date, and such conversion shall be at the Conversion Price in effect on such date (unless such day is not a Business Day, in which event such conversion shall be deemed to have become effective at the close of business on the next succeeding Business Day).

(c) No fractions of Common Units shall be issued upon conversion of the Series Z Preferred Units. Instead of any fractional interest in a Common Unit that would otherwise be deliverable upon the conversion of a Series Z Preferred Unit, the Partnership shall pay to the holder of such Series Z Preferred Unit an amount in cash based upon the Current Market Price of Common Units on the Trading Day immediately preceding the date of conversion. If more than one Series Z Preferred Unit shall be surrendered for conversion at one time by the same holder, the number of full Common Units issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series Z Preferred Units so surrendered.

(d) The Partnership further covenants that any Common Units issued upon conversion of the Series Z Preferred Units shall be validly issued, fully paid and non-assessable.

(e) The Assignee of any Limited Partner pursuant to Section 11 hereof and/or Section 11 of the main part of the Partnership Agreement (and pursuant to the terms of the Registration Rights and Lock-Up Agreement) may exercise the rights of such Limited Partner pursuant to this Section 6, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by the Assignee. In connection with any exercise of such rights by an Assignee of a Limited Partner, the cash amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(f) An Optional Conversion Notice shall be provided in the manner provided in Section 10. Any defect in an Optional Conversion Notice or in the mailing thereof to the Partnership shall not affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date of deemed delivery provided in Section 10, whether or not the holder receives the notice.

(g) Each Series Z Preferred Unit holder covenants and agrees with the Partnership that all Series Z Preferred Units delivered for conversion pursuant to this Section 6 shall be delivered to the Partnership free and clear of all liens, and, notwithstanding anything contained herein to the contrary, the Partnership shall not be under any obligation to convert Series Z Preferred Units which are subject to any liens.

(h) Notwithstanding any thing to the contrary in the main part of the Partnership Agreement, a holder of Series Z Preferred Units may deliver a Redemption Notice pursuant to

Section 8.6A of the main part of the Partnership Agreement relating to those Common Units that will be issued to such holder upon conversion of such Series Z Preferred Units into Common Units in advance of the Option Strike Date or Conversion Date, as applicable; provided, however, that the redemption of such Common Units by the Partnership shall in no event take place until such Common Units are issued upon the conversion of the Series Z Preferred Units pursuant to either Section 6 or Section 7 hereof. For clarity, it is noted that the objective of this paragraph is to put a holder in a position where, if he so wishes, the Common Units into which his Series Z Preferred Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if the Partnership elects to satisfy its redemption obligation with respect to such Common Units under Section 6A of the main part of the Partnership Agreement by delivering to such holder Common Shares (as defined in the Registration Rights and Lock-Up Agreement) rather than cash, then such holder will have such common Shares issued to him simultaneously with the conversion of his Series Z Preferred Units into Common Units, such that such holder can be in a position to sell such Common Shares as contemplated by the Registration Rights and Lock-Up Agreement or otherwise without delay. The General Partner shall cooperate with a holder of Series Z Preferred Units to coordinate the timing of the different events described in the foregoing sentence (including the calculation of the number of Common Units into which such holder's Series Z Preferred Units will convert and the mechanics of issuing and delivering Common Units and Common Shares) and shall use commercially reasonable efforts to cause the conversion of such holder's Series Z Preferred Units, the redemption of the Common Units issued upon such conversion and the issuance of the Common Shares to be issued upon such redemption, if applicable, to occur in such a manner as to accomplish the objective described in the foregoing sentence.

7. Mandatory Automatic Conversion.

(a) Unless redeemed by the Partnership pursuant to Section 5 hereof, or previously converted at the election of the holders pursuant to Section 6 hereof, on the later of (a) February 11, 2002 (24 months from the Signing Date) or (b) the expiration of the Lock-up (as defined in the Registration Rights and Lock-Up Agreement) pursuant to Section 2(a) of the Registration Rights and Lock-Up Agreement or (c) the earlier of either (i) the date upon which, pursuant to and in accordance with the terms of the Registration Rights and Lock-Up Agreement a Registration Statement (as defined therein) relating to all of the Registrable Shares (as defined therein) has been declared effective by the Securities and Exchange Commission, provided that the General Partner has given at least five (5) trading days prior written notice to the holders of Series Z Preferred Units that such declaration of effectiveness would be forthcoming on such date or (ii) if such written notice has not been given at least five (5) trading days prior to such a declaration of effectiveness, then the date that is the fifth (5th) trading day after a written notice of such declaration of effectiveness is given to the holders of Series Z Preferred Units by the General Partner (the "Conversion Date"), each Series Z Preferred Unit that has not been redeemed prior to such date pursuant to Section 5 hereof or converted pursuant to Section 6 hereof shall automatically and without any notice or action being required of the Partnership, the General Partner or any holder of Series Z Preferred Units, be converted into a number of Common Unit(s) equal to the greater of (i) one (1) multiplied by the Adjustment Factor or (ii) the

Liquidation Preference of each Series Z Preferred Unit held by such holder divided by the Conversion Price. Fractional Units shall be paid in dollars as described in (c) below.

(b) The conversion of all unredeemed Series Z Preferred Units shall occur automatically at the close of business on the Conversion Date, without any action on the part of the holders of Series Z Preferred Units or the Partnership, and immediately after the close of business on such date any holder of Series Z Preferred Units who had all or a portion of its Series Z Preferred Units converted shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the Common Units issuable upon such conversion. The conversion shall be deemed to have been effected immediately at the close of business on the Conversion Date, and the Series Z Preferred Units shall be deemed converted into Common Units at the close of business on such date. After the conversion of Series Z Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Common Units held by such person immediately after such conversion. Notwithstanding anything in this Section 7 to the contrary, if within ten (10) trading days after a Conversion Date the Company initiates a Suspension Period (as defined in Section 8(c) of the Registration Rights and Lock-Up Agreement) or an Offering Blackout Period (as defined in Section 8(d) of the Registration Rights and Lock-Up Agreement), then immediately upon such event (a "Reconversion Event"), and retroactive as of the Conversion Date, all Common Units issued to holders of Series Z Preferred Units upon conversion pursuant to this Section 7 which continue to be held by such holders on the date of the Reconversion Event (the "Reconversion Date") shall be deemed to have been reconverted into the corresponding original number of Series Z Preferred Units held by such holder on the Conversion Date prior to such conversion. Following a Reconversion Event, all provisions hereof (including without limitation this Section 7, including without limitation this paragraph (b)) shall again apply to the Series Z Preferred Units into which the Common Units shall have been reconverted to the same extent as they applied before the original Conversion Date, except the new Conversion Date shall be the business date immediately following the date on which the Suspension Period or Offering Blackout Period, as applicable, ends, if on such date the Registration Statement (as defined in the Registration Rights and Lock-Up Agreement) is effective and available to holders of Registrable Shares (as defined in the Registration Rights and Lock-Up Agreement) for resale thereof. For clarity, it is noted that the objective of the preceding sentence is to provide for the application of all of the provisions of this Certificate as to any and all Series Z Preferred Units that are reconverted in accordance with this Section, including, without limitation, the terms for reconversion set forth in this Section, such that any Series Z Preferred Units that are again converted into Common Units after previous reconversion(s) in accordance with this Section will be subject to a further reconversion in the event of another subsequent Suspension Period or Offering Blackout Period within the time frame set forth above.

(c) No fractions of Common Units shall be issued upon conversion of the Series Z Preferred Units. Instead of any fractional interest in a Common Unit that would otherwise be deliverable upon the conversion of Series Z Preferred Units, the Partnership shall pay to the holder of such Series Z Preferred Units within two Business Days of the Conversion Date by certified check to or on the order of the holders of Series Z Preferred Units, an amount in cash based upon the Current Market Price of Common Units on the Trading Day immediately

preceding the date of conversion, it being understood that if a holder has more than one Series Z Preferred Unit, then the number of full Common Units issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series Z Preferred Units held by such holder.

- (d) (i) The following events shall be "Adjustment Events": if the Partnership shall after the date hereof (A) make a distribution on its Common Units in Common Units, (B) subdivide its outstanding Common Units into a greater number of units, (C) combine its outstanding Common Units into a smaller number of units or (D) issue any units by reclassification of its Common Units.
 - (ii) If one or more Adjustment Events occur between the Signing Date and the Redemption Date, Option Strike Date, or Conversion Date, as applicable, then on the Redemption Date, Option Strike Date, or Conversion Date, as applicable, the Adjustment Factor shall be recalculated once by using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously the Redemption Date, Option Strike Date, or Conversion Date, as applicable, as described in clause (iii) of this Section 7(d).
 - (iii) With respect to each single Adjustment Event, the Adjustment Factor shall be recalculated by multiplying it by a fraction (A) the numerator of which shall be the number of Common Units outstanding immediately after giving effect to such Adjustment Event and (B) the denominator of which shall be the number of Common Units outstanding immediately before giving effect to such Adjustment Event.
 - (iv) Notwithstanding any other provisions of this Section 7, the Partnership shall not be required to make any adjustment of the Adjustment Factor for the issuance of any Common Units pursuant to any employee benefit or compensation plan or other plan providing for the reinvestment of distributions or interest payable on securities of the Partnership and the investment of additional optional amounts in Common Units under such plan (or the issuance of any Common Units to the Company in respect of a capital contribution by it resulting from an analogous sale of its securities). All calculations under this Section 7 shall be made to the nearest cent with \$.005 being rounded upward) or to the nearest one-tenth of a Unit (with .05 of a Unit being rounded upward), as the case may be.
- (e) If the Partnership shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Common Units or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an Adjustment Event for purposes of paragraph (d) of this Section 7) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which Common Units shall be converted into the right to receive securities or other property (including cash or any combination thereof), each Series Z Preferred Unit shall automatically be converted

into the right to receive in connection with such Transaction the kind and amount of securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of Common Units into which one Series Z Preferred Unit would have been converted immediately prior to such Transaction pursuant to Section 6(a) applied as of the effective date of such Transaction (assuming that such date was the Option Strike Date), assuming such holder of Common Units (i) is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his or her rights of election, if any, as to the kind or amount of securities and other property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each Common Unit of the Partnership held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election by such person shall not have been exercised ("Non-Electing Unit"), then for the purpose of this paragraph (e) the kind and amount of securities and other property (including cash) receivable upon such Transaction by each Non-Electing Unit shall be deemed to be the kind and amount so receivable per Unit by a plurality of the Non-Electing Units).

(f) If the Adjustment Factor is adjusted as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth the Adjustment Factor after such adjustment as required by the terms hereof and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall prepare a notice of such adjustment of the Adjustment Factor setting forth the adjusted Adjustment Factor and the effective date such adjustment becomes effective and shall mail such notice of such adjustment of the Adjustment Factor to the holders of each Series Z Preferred Unit at such holder's last address as shown on the records of the Partnership.

(g) In any case in which paragraph (d) of this Section 7 provides that an adjustment shall become effective upon the occurrence of an Adjustment Event, the Partnership may defer until the occurrence of such event (A) issuing to the holder of any Series Z Preferred Unit converted before the occurrence of such event the additional Common Units issuable upon such conversion by reason of the adjustment required by such event over and above the Common Units issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fractional Common Unit.

(h) There shall be no adjustment of the Adjustment Factor in case of the issuance of any Units in a financing, reorganization, acquisition or other similar business transaction except as specifically set forth in this Section 7. If any action would require adjustment of the Adjustment Factor pursuant to more than one paragraph of this Section 7, only one adjustment shall be made, and such adjustment shall be the amount of adjustment that has the highest absolute value.

(i) If the Partnership shall take any action affecting the Common Units, other than action described in this Section 7, that in the opinion of the General Partner would materially adversely affect the conversion rights of the holders of the Series Z Preferred Units, the Adjustment Factor may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the General Partner, in its sole discretion, may determine to be equitable in the circumstances.

(j) The Assignee of any Limited Partner pursuant to Section 11 hereof and/or Section 11 of the main part of the Partnership Agreement (and pursuant to the terms of the Registration Rights and Lock-Up Agreement) may exercise the rights of such Limited Partner pursuant to this Section 7, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by the Assignee. In connection with any exercise of such rights by an Assignee of a Limited Partner, the cash amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(k) Notwithstanding any thing to the contrary in the main part of the Partnership Agreement, a holder of Series Z Preferred Units may deliver a Redemption Notice pursuant to Section 8.6A of the main part of the Partnership Agreement relating to those Common Units that will be issued to such holder upon conversion of such Series Z Preferred Units into Common Units in advance of the Option Strike Date or Conversion Date, as applicable; provided, however, that the redemption of such Common Units by the Partnership shall in no event take place until such Common Units are issued upon the conversion of the Series Z Preferred Units pursuant to either Section 6 or Section 7 hereof. For clarity, it is noted that the objective of this paragraph is to put a holder in a position where, if he so wishes, the Common Units into which his Series Z Preferred Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if the Partnership elects to satisfy its redemption obligation with respect to such Common Units under Section 6A of the main part of the Partnership Agreement by delivering to such holder Common Shares (as defined in the Registration Rights and Lock-Up Agreement) rather than cash, then such holder will have such Common Shares issued to him simultaneously with the conversion of his Series Z Preferred Units into Common Units, such that such holder can be in a position to sell such Common Shares as contemplated by the Registration Rights and Lock-Up Agreement or otherwise without delay. The General Partner shall cooperate with a holder of Series Z Preferred Units to coordinate the timing of the different events described in the foregoing sentence (including the calculation of the number of Common Units into which such holder's Series Z Preferred Units will convert and the mechanics of issuing and delivering Common Units and Common Shares) and shall use commercially reasonable efforts to cause the conversion of such holder's Series Z Preferred Units, the redemption of the Common Units issued upon such conversion and the issuance of the Common Shares to be issued upon such redemption, if applicable, to occur in such a manner as to accomplish the objective described in the foregoing sentence.

The Partnership further covenants that any Common Units issued upon conversion or redemption of the Series Z Preferred Units shall be validly issued, fully paid and non-assessable.

8. Voting Rights.

(a) Holders of the Series Z Preferred Units will (a) have those voting rights from time to time required by law, (b) have the same voting rights as a holder of Common Units has under the main part of the Partnership Agreement, voting as a single class with the Common Units, with each Series Z Preferred Unit being treated as one (1) Common Unit for purposes of any such vote, and (c) have those additional voting rights that are set forth below.

(b) So long as any Series Z Preferred Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the Series Z Preferred Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of the Partnership Agreement, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series Z Preferred Units or the holders thereof in their capacity as holders of Series Z Preferred Units, unless such amendment, alteration, or repeal affects equally, ratably and proportionately the rights, privileges and voting powers of the holders of Common Units; but subject, in any event, to the following provisions:

- (i) With respect to the occurrence of any merger, consolidation or other business combination or reorganization, so long as the Series Z Preferred Units are treated in accordance with paragraph (e) of Section 7 hereof, the occurrence of any such event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Z Preferred Units.
- (ii) Any creation or issuance of any Common Units or of any class or series of Preferred Units, whether ranking senior to, junior to, or on a parity with the Series Z Preferred Units with respect to the payment of distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Z Preferred Units.

(c) The foregoing voting provisions will not apply if, at or prior to the time when the act, with respect to which such vote would otherwise be required, will be effected, all outstanding Series Z Preferred Units shall have been redeemed or converted.

9. Ranking. The Series Z Preferred Units shall rank junior to all other classes or series of Units of the Partnership whether now authorized or outstanding or hereafter created, authorized or issued, except that (a) as to distribution of assets upon liquidation, dissolution or winding up, the Series Z Preferred Units shall rank senior to the Common Units, (b) as to the payment of distributions, during the Half Distribution Period and any Full Distribution Period, the Series Z Preferred Units shall rank pari passu with the Common Units, and (c) as to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series which by its terms specifies that it shall rank junior ("Junior Units") to or on a parity ("Parity Units") with Series Z Preferred Units shall rank junior or pari passu, as the case may be with the Series Z Preferred Units.

10. Notices. All notices, demand, requests or other communications which may be or are required to be given, served or sent hereunder will be in writing and delivered by certified U.S. mail, return receipt required, with postage prepaid, or by nationally recognized overnight courier service that provides tracking and proof of receipt. Notices shall be deemed delivered upon the earlier of (i) delivery, (ii) refusal of delivery by addressee, (iii) two Business Days after deposit in the U.S. Mails in the case of certified U.S. mail, or (iv) one Business Day after deposit with a nationally recognized overnight courier. Notices to Series Z Preferred Unitholders shall be sent to their address of record with the Partnership. Any Series Z Preferred Unitholder may change its address of record by written notice as given as aforesaid. Notices delivered to the Partnership shall be addressed to Boston Properties Limited Partnership, Attn.: Chief Financial Officer, 800 Boylston Street, Suite 400, Boston, MA 02199-8001 or to such other address as the Partnership may have notified holders in the manner provided in this Section 10.

11. Transfers. Subject to the terms of the Registration Rights and Lock-Up Agreement, a holder of Series Z Preferred Units shall be entitled to transfer such Series Z Preferred Units to the same extent that holders of Common Units are entitled to transfer their Common Units pursuant to Article 11 of the main part of the Partnership Agreement.

IN WITNESS WHEREOF, Boston Properties, Inc., as General Partner of the Partnership, has caused this Certificate of Designations to become effective, and the Partnership Agreement is hereby amended by giving effect to the terms set forth herein.

BOSTON PROPERTIES, INC.

By: _____

Name:

Title:

Date: December __, 2000

Exhibit A

to the Certificate of Designations for the
Series Z Preferred Units

NOTICE OF ELECTION BY PARTNER TO CONVERT
SERIES Z PREFERRED UNITS INTO COMMON UNITS

The undersigned Series Z Preferred Unitholder hereby irrevocably (i) elects to convert the number of Series Z Preferred Units in Boston Properties Limited Partnership (the "Partnership") set forth below into Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership and the Certificate of Designations relating to the Series Z Preferred Units that is a part thereof; and (ii) directs that any cash in lieu of Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such Series Z Preferred Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such Series Z Preferred Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Series Z Preferred Unit holder: _____
(Please Print: Exact Name as Registered with Partnership)

Date of this Notice:

(Signature of Limited Partner: Sign Exact
Name as Registered with Partnership)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

BOSTON PROPERTIES, INC.

1997 STOCK OPTION AND INCENTIVE PLAN
AS AMENDED AND RESTATED ON JANUARY 24, 2000

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Independent Directors and other key persons of Boston Properties, Inc. (the "Company"), and the employees and other key persons of Boston Properties Limited Partnership (the "Operating Partnership") and the Company's other Subsidiaries, upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Administrator" is defined in Section 2(a).

"Award" or "Awards," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Deferred Stock Awards, Unrestricted Stock Awards, Performance Share Awards, Dividend Equivalent Rights and Other Stock-Based Awards.

"Board" means the Board of Directors of the Company as constituted from time to time.

"Change of Control" is defined in Section 16.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.

"Committee" means the Committee of the Board referred to in Section 2.

"Company" means Boston Properties, Inc., a Delaware corporation, and any successor thereto.

"Deferred Stock Award" means Awards granted pursuant to Section 7.

"Dividend Equivalent Right" means Awards granted pursuant to Section 10.

"Effective Date" means the date on which the Plan is initially approved by stockholders as set forth in Section 18.

"Fair Market Value" on any given date means the last reported sale price at which Stock is traded on such date or, if no Stock is traded on such date, the next preceding date on which Stock was traded, as reflected on the principal stock exchange or, if applicable, any other national stock exchange on which the Stock is traded or admitted to trading. Notwithstanding the foregoing, the Fair Market Value on the first day of the Company's initial public offering of Stock shall be the initial public offering price as set forth in the final prospectus for the Company's initial public offering.

"Incentive Stock Option" means any Stock Option that qualifies as and is designated in writing in the related Option agreement as constituting an "incentive stock option" as defined in Section 422 of the Code.

"Independent Director" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Operating Partnership" means Boston Properties Limited Partnership, a Delaware limited partnership, and any successor thereto.

"Option" or "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 5.

"Other Stock-Based Award" means Awards granted pursuant to Section 11.

"Performance Share Award" means Awards granted pursuant to Section 9.

"Restricted Stock Award" means Awards granted pursuant to Section 6.

"Retirement" means the employee's termination of employment with the Company and its Subsidiaries after attainment of the age and/or service requirements to qualify for early or normal retirement under the Company's qualified retirement plan.

"Stock" means the Common Stock, par value \$.01 per share, of the Company, subject to adjustments pursuant to Section 3.

"Subsidiary" means any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities beginning with the Company if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns

stock or other interests possessing 50 percent or more of the economic interest or the total combined voting power of all classes of stock or other interests in one of the other corporations or entities in the chain.

"Unrestricted Stock Award" means any Award granted pursuant to Section 8.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT

PARTICIPANTS AND DETERMINE AWARDS

(a) Committee. The Plan shall be administered by either the Board or a committee of not less than two Independent Directors (in either case, the "Administrator"). Each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3(b)(3)(i) promulgated under the Act, or any successor definition under said rule. Each member of the Committee shall also be an "outside director" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Deferred Stock Awards, Unrestricted Stock Awards, Performance Share Awards, Dividend Equivalent Rights and Other Stock-Based Awards, or any combination of the foregoing, granted to any one or more participants;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and participants, and to approve the form of written instruments evidencing the Awards; provided, however, that except as otherwise provided in Section 3(b) or 3(c), the Administrator is not permitted to reduce the exercise price of stock options or effect repricing through cancellation and re-grants;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award in circumstances involving a Change of Control or the death, disability or termination of employment of a Plan participant;

(vi) subject to the provisions of Section 5(a)(iii), to extend at any time the post-termination period in which Stock Options may be exercised;

(vii) to determine at any time whether, to what extent, and under what circumstances Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the participant and whether and to what extent the Company shall pay or credit amounts constituting deemed interest (at rates determined by the Administrator) or dividends or deemed dividends on such deferrals; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be made in the Administrator's sole and absolute discretion and shall be final and binding on all persons, including the Company and Plan participants.

(c) Delegation of Authority to Grant Awards. The Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to Awards, including the granting thereof, to individuals who are not subject to the reporting and other provisions of Section 16 of the Act or "covered employees" within the meaning of Section 162(m) of the Code. Any such delegation by the Administrator shall include a limitation as to the amount of Awards that may be awarded during the period of the delegation and shall contain guidelines as to the determination of the exercise price of any Option, the conversion ratio or price of other Awards and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; RECAPITALIZATIONS; MERGERS;

SUBSTITUTE AWARDS

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be increased from 9,699,162 shares to 14,699,162 shares as of the date of this restatement, an increase of 5,000,000 shares; plus (ii) as of the first day of each calendar quarter after January 1, 2000, 9.5 percent of any net increase since the first day of the preceding calendar quarter in the total number of shares of Stock actually outstanding (assuming all units of partnership interests in the Operating Partnership that are subject to redemption rights are converted into Stock). Notwithstanding the foregoing, the maximum number of shares of Stock for which Awards other than Options may be granted under the Plan shall not exceed 2,000,000 shares in the aggregate. The foregoing limitation shall apply to shares available for issuance under the Plan prior to this restatement as well as shares added to the Plan as a result of this restatement. For purposes of the limitations of this

Section 3(a), if any portion of an Award is forfeited, cancelled, reacquired by the Company, satisfied without the issuance of Stock or otherwise terminated, the shares of Stock underlying such portion of the Award shall be added back to the shares of Stock available for issuance under the Plan. With respect to grants made or compensation earned under the Plan, Stock Options with respect to no more than 1,500,000 shares of Stock may be granted to any one individual participant during any one calendar year period. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Recapitalizations. If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, the Administrator may make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number of Stock Options that can be granted to any one individual participant, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, and (iv) the price for each share subject to any then outstanding Stock Options under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options) as to which such Stock Options remain exercisable. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(c) Mergers. In contemplation of and subject to the consummation of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Stock are exchanged for securities, cash or other property of an unrelated corporation or business entity or in the event of a liquidation of the Company (in each case, a "Transaction"), the Board, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion, take any one or more of the following actions, as to outstanding Awards: (i) provide that such Awards shall be assumed or equivalent awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), and/or (ii) upon written notice to the participants, provide that all Awards will terminate immediately prior to the consummation of the Transaction. In the event that, pursuant to clause (ii) above, Awards will terminate immediately prior to the consummation of the Transaction, all vested Awards, other than Options, shall be fully settled in cash or in kind at such appropriate consideration as determined by the Administrator in its sole discretion after taking into account the consideration payable per share of Stock pursuant to the business combination (the "Merger Price") and all Stock Options shall be fully settled, in cash or in kind, in an amount equal to the difference between (A) the Merger Price times the number of shares of Stock subject to such outstanding Stock Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such

outstanding Stock Options; provided, however, that each participant shall be permitted, within a specified period determined by the Administrator prior to the consummation of the Transaction, to exercise all outstanding Stock Options, including those that are not then exercisable, subject to the consummation of the Transaction.

(d) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who become employees of the Company or a Subsidiary as the result of a merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances.

SECTION 4. ELIGIBILITY

Participants in the Plan will be such full or part-time officers and other employees, Independent Directors and key persons of the Company, the Operating Partnership and the Company's other Subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company, the Operating Partnership and the Company's other Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

No Incentive Stock Option shall be granted under the Plan after January 24, 2010.

(a) Stock Options Granted to Employees and Key Persons. The Administrator in its discretion may grant Stock Options to eligible employees and key persons of the Company or any Subsidiary. Stock Options granted pursuant to this Section 5(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the participant's election, subject to such terms and conditions as the Administrator may establish, as well as in addition to other compensation.

(i) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5(a) shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant (other than options granted in lieu of cash compensation). If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Option shall be exercisable more than ten years after the date the option is granted. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the term of such option shall be no more than five years from the date of grant.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date; provided, however, that Stock Options granted in lieu of compensation shall be exercisable in full as of the grant date unless the Administrator otherwise provides in the Award agreement; provided further, however, that an optionee's Stock Options, other than those held by Mortimer B. Zuckerman and Edward H. Linde, shall be exercisable in full upon and after such optionee's attainment of age 65. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award agreement:

(A) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(B) Through the delivery (or attestation to the ownership) of shares of Stock that are not then subject to restrictions under any Company plan and that have been beneficially owned by the optionee for at least six months, if permitted by the Administrator in its discretion. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(D) By the optionee delivering to the Company a promissory note if the Administrator has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his Stock Option; provided that at least so much of the exercise price as represents the par value of the Stock shall be paid other than with a promissory note.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Stock Option or applicable provisions of laws. In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the shares attested to.

(v) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

(b) Reload Options. At the discretion of the Administrator and subject to such restrictions, terms and conditions as the Administrator may establish, Options granted under the Plan may include a "reload" feature pursuant to which an optionee exercising an option by the delivery of a number of shares of Stock in accordance with Section 5(a)(iv)(B) hereof would automatically be granted an additional Option (with an exercise price equal to the Fair Market Value of the Stock on the date the additional Option is granted and with such other terms as the Administrator may provide) to purchase that number of shares of Stock equal to the number delivered to exercise the original Option with an Option term equal to the remainder of the original Option term unless the Administrator otherwise determines in the Award agreement for the original Option grant.

(c) Stock Options Granted to Independent Directors.

(i) Automatic Grant of Options.

(A) Each person who was an Independent Director on the effective date of the Company's initial public offering was granted on such date a Non-Qualified Stock Option to acquire 10,000 shares of Stock. The exercise price per share for the Stock covered by such Non-Qualified Stock Option shall be the initial public offering price as set forth in the final prospectus for the Company's initial public offering.

(B) Each Independent Director who is first elected to serve as a Director after the effective date of the Company's initial public offering shall be granted, on the fifth business day after his election, a Non-Qualified Stock Option to acquire 10,000 shares of Stock.

(C) Each Independent Director who is serving as Director of the Company on the fifth business day after each annual meeting of shareholders, beginning with the 1998 annual meeting, shall automatically be granted on such day a Non-Qualified Stock Option to acquire 5,000 shares of Stock.

(D) The exercise price per share for the Stock covered by a Stock Option granted under this Section 5(c)(i)(B) and (C) shall be equal to the Fair Market Value of the Stock on the date the Stock Option is granted.

(E) The Board, in its discretion, may grant additional Non-Qualified Stock Options to Independent Directors. Any such grant may vary among individual Independent Directors.

(ii) Exercise; Termination.

(A) Unless otherwise determined by the Administrator, an Option granted under Section 5(c)(i)(A), (B) or (C) shall be exercisable with respect to 50 percent of the underlying shares on the first anniversary of the grant date and shall be exercisable with respect to all of the underlying shares on the second anniversary of the grant date. An Option granted under Section 5(c)(i)(E) shall be subject to such vesting and exercisability provisions as the Board may provide at the time of grant. An Option issued under this Section 5(c) shall not be exercisable after the expiration of ten years from the date of grant.

(B) Options granted under this Section 5(c) may be exercised only by written notice to the Company specifying the number of shares to be purchased. Payment of the full purchase price of the shares to be purchased may be made by one or more of the methods specified in Section 5(a)(iv). An optionee shall

have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(d) Non-transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Award agreement regarding a given Option that the optionee may transfer, without consideration for the transfer, his Non-Qualified Stock Options to members of his family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable option agreement.

(e) Termination.

(i) Except as may otherwise be provided by the Administrator either in the Award agreement, or subject to Section 14 below, in writing after the Award agreement is issued, an optionee's rights in all Stock Options shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason, except by reason of Retirement.

(ii) Any Stock Option held by an optionee, other than Mortimer B. Zuckerman and Edward H. Linde, whose employment by the Company and its Subsidiaries is terminated by reason of Retirement may thereafter be exercised, to the extent it was exercisable at the time of such termination, for a period of 24 months (or such other period as the Administrator shall specify at any time) from the date of such termination of employment by reason of Retirement, or until the expiration of the stated term of the Stock Option, if earlier.

SECTION 6. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. A Restricted Stock Award is an Award entitling the recipient to acquire, at par value or such other higher purchase price determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Restricted Stock Award is contingent on the participant executing the Restricted Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants.

(b) Rights as a Stockholder. Upon execution of the Restricted Stock Award agreement and paying any applicable purchase price, a participant shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such terms and conditions as may be contained in the Restricted Stock Award agreement. Unless the Administrator shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 6(d) below, and the participant shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award agreement. If a participant's employment (or other business relationship) with the Company and its Subsidiaries terminates for any reason, the Company shall have the right to repurchase Restricted Stock that has not vested at the time of termination at its original purchase price, from the participant or the participant's legal representative.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." The vesting period of a Restricted Stock Award shall be at least three years, except that in the case of a Restricted Stock Award that may become transferable and no longer subject to forfeiture upon the attainment of pre-established performance goals, the vesting period shall be at least one year. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the participant's termination of employment (or other business relationship) with the Company and its Subsidiaries and such shares shall be subject to the Company's right of repurchase as provided in Section 6(c) above.

(e) Waiver, Deferral and Reinvestment of Dividends. The Restricted Stock Award agreement may require or permit the immediate payment, waiver, deferral or reinvestment (in the form of additional Restricted Stock) of dividends paid on the Restricted Stock.

SECTION 7. DEFERRED STOCK AWARDS

(a) Nature of Deferred Stock Awards. A Deferred Stock Award is an Award of phantom stock units to a participant, subject to restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and

objectives. Except in the case of Deferred Stock Awards granted pursuant to Section 7(b) below, the vesting period of a Deferred Stock Award shall be at least three years, except that in the case of a Deferred Stock Award that may become transferable and no longer subject to forfeiture upon the attainment of pre-established performance goals, the vesting period shall be at least one year. The grant of a Deferred Stock Award is contingent on the participant executing the Deferred Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants. At the end of the deferral period, the Deferred Stock Award, to the extent vested, shall be paid to the participant in the form of shares of Stock.

(b) Election to Receive Deferred Stock Awards in Lieu of Compensation. The Administrator may, in its sole discretion, permit a participant to elect to receive a portion of the cash compensation or Restricted Stock Award otherwise due to such participant in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with rules and procedures established by the Administrator. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate.

(c) Rights as a Stockholder. During the deferral period, a participant shall have no rights as a stockholder; provided, however, that the participant may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award, subject to such terms and conditions as the Administrator may determine.

(d) Restrictions. A Deferred Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of during the deferral period.

(e) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's right in all Deferred Stock Awards that have not vested shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 8. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may, in its sole discretion, grant (or sell at par value or such other higher purchase price determined by the Administrator) an Unrestricted Stock Award to any participant pursuant to which such participant may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of any cash compensation due to such participant.

SECTION 9. PERFORMANCE SHARE AWARDS

(a) Nature of Performance Share Awards. A Performance Share Award is an Award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals. The Administrator may make Performance Share Awards independent of or in connection with the granting of any other Award under the Plan. The Administrator in its sole discretion shall determine whether and to whom Performance Share Awards shall be made, the performance goals applicable under each such Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to the awarded Performance Shares; provided, however, that the Administrator may rely on the performance goals and other standards applicable to other performance unit plans of the Company in setting the standards for Performance Share Awards under the Plan.

(b) Rights as a Stockholder. A participant receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the participant under the Plan and not with respect to shares subject to the Award but not actually received by the participant. A participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the written instrument evidencing the Performance Share Award (or in a performance plan adopted by the Administrator).

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's rights in all Performance Share Awards shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

(d) Acceleration, Waiver, Etc. At any time prior to the participant's termination of employment (or other business relationship) by the Company and its Subsidiaries, the Administrator may in its sole discretion accelerate, waive or, subject to Section 14, amend any or all of the goals, restrictions or conditions imposed under any Performance Share Award.

SECTION 10. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any participant as a component of another Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair

Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award.

(b) Interest Equivalents. Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 11. OTHER STOCK-BASED AWARDS

(a) Nature of Other Stock-Based Awards. An Other Stock-Based Award includes other Awards of Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Stock, including without limitation, convertible preferred stock, convertible debentures, exchangeable securities and Awards valued by reference to book value or subsidiary performance. An Other Stock-Based Award may be granted to any participant either along side or in addition to or in tandem with Stock Options, Restricted Stock or Deferred Stock granted under the Plan and/or cash awards made outside of the Plan. Stock (including securities convertible into Stock) issued on a bonus basis under this Section 11 may be issued for no cash consideration. Stock (including securities convertible into Stock) purchased with a purchase right awarded under this Section 11 shall be priced at least 25 percent of the Fair Market Value of the Stock on the date of grant. The grant of an Other Stock-Based Award may be subject to restrictions and conditions as the Administrator may determine at the time of grant, including conditions based on continuing employment (or other business relationship) and/or achievement of pre-established performance goals and objectives. The grant of an Other Stock-Based Award is contingent on the participant executing the Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and participants.

(b) Rights as a Stockholder. Until such time as an Other Stock-Based Award is actually paid out in shares of Stock, a participant shall have no rights as a holder of Stock.

(c) Restrictions. An Other Stock-Based Award may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Award agreement.

(d) Termination. Except as may otherwise be provided by the Administrator in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a participant's right in his Other Stock-Based Awards that have not vested shall automatically terminate upon the participant's termination of employment (or cessation of business relationship) with the Company and its Subsidiaries for any reason.

SECTION 12. TAX WITHHOLDING

(a) Payment by Participant. Each participant shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant. The Company's obligation to deliver stock certificates to any participant is subject to and conditioned on tax obligations being satisfied by the participant.

(b) Payment in Stock. Subject to approval by the Administrator, a participant may elect to have the minimum tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due, or (ii) transferring to the Company shares of Stock owned by the participant with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due, or (iii) any combination of (i) and (ii).

SECTION 13. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another Subsidiary; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the written policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 14. AMENDMENTS AND TERMINATION

The Administrator may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's written consent. Except as provided in Section 3(b) or 3(c), in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or effect repricing through cancellation and re-grants. If and to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or ensure that compensation earned under Stock Options granted under the Plan qualifies as performance-based compensation under Section 162(m) of the Code, if and to the extent intended to so qualify, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 14 shall limit the Board's authority to take any action permitted pursuant to Section 3(c).

SECTION 15. STATUS OF PLAN

Unless the Administrator shall otherwise expressly determine in writing, with respect to the portion of any Award which has not been exercised and any payments in cash, Stock or other consideration not received by a participant, a participant shall have no rights greater than those of a general creditor of the Company. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 16. CHANGE OF CONTROL PROVISIONS

(a) Upon the occurrence of a Change of Control as defined in this Section 16, all outstanding Options shall become immediately exercisable in full, and all other Awards under the Plan shall become fully vested.

(b) "Change of Control" shall mean the occurrence of any one of the following events:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its Subsidiaries, Mortimer B. Zuckerman, Edward H. Linde, any "affiliate" or "associate" (as such terms are defined in Rule 12b-2 under the Act) of Mortimer B. Zuckerman or Edward H. Linde, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its Subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 25 percent or

more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Company's Board of Directors ("Voting Securities") (other than as a result of an acquisition of securities directly from the Company); provided that for purposes of determining the "beneficial ownership" (as such term is defined in Rule 13d-3 under the Act) of any "group" of which Mortimer B. Zuckerman, Edward H. Linde or any of their affiliates or associates is a member (each such entity or individual, a "Related Party"), there shall not be attributed to the "beneficial ownership" (as such term is defined in Rule 13d-3 under the Act) of such group any shares beneficially owned by any Related Party; or

(ii) persons who, as of the effective date of the Company's initial public offering of Stock, constitute the Company's Board of Directors (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board, provided that any person becoming a director of the Company subsequent to such date shall be considered an Incumbent Director if such person's election was approved by or such person was nominated for election by either (A) a vote of at least two-thirds of the Incumbent Directors or (B) a vote of at least a majority of the Incumbent Directors who are members of a nominating committee comprised, in the majority, of Incumbent Directors; or

(iii) the stockholders of the Company shall approve (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, "beneficially own" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate 60 percent or more of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer to an unrelated party (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or (C) any plan or proposal for the liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person (as defined in the foregoing clause (i)) to 25 percent or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if such person shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company), then a "Change of Control" shall be deemed to have occurred for purposes of the foregoing clause (i).

SECTION 17. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Administrator may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to be delivered to participants under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the participant, at the participant's last known address on file with the Company.

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards shall not confer upon any employee any right to continued employment with the Company or any Subsidiary and shall not interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees at any time.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to such Company insider-trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

SECTION 18. EFFECTIVE DATE OF PLAN

This Plan became effective on June 11, 1997.

SECTION 19. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE OF APPROVAL OF INITIAL PLAN BY BOARD OF DIRECTORS: June 11, 1997

DATE OF APPROVAL BY STOCKHOLDERS: June 11, 1997

DATE OF APPROVAL OF AMENDED AND RESTATED PLAN
BY COMPENSATION COMMITTEE OF THE BOARD: January 24, 2000

DATE OF APPROVAL OF AMENDED AND RESTATED PLAN BY SHAREHOLDERS: May 3, 2000.

BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"), Boston Properties, Inc. (the "Company") hereby grants to (the "Optionee"), a non-qualified stock option (the "Stock Option") to purchase shares of Common Stock of the Company (the "Stock") at the price of \$_____ per share, subject to the terms of this Agreement and the Plan. The Stock Option is granted as of _____ the "Grant Date") and shall expire on _____ (the "Expiration Date"). All terms used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Timing of Exercise. Subject to Section 2 below and the discretion of the Administrator to accelerate the vesting schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following whole number of shares according to the timetable set forth below:

Number of Years After Date of Grant -----	Percentage of Shares Becoming Available for Exercise -----	Cumulative Percentage Available -----
Less than 3 years	0%	0%
At least 3 years	33 1/3%	33 1/3%
At least 4 years	33 1/3%	66 2/3%
5 or more years	33 1/3%	100%

Notwithstanding the foregoing, the Stock Option shall become fully vested and exercisable for the reasons stated in Sections 2(a), 2(b), 2(c) and 2(d) below. The Stock Option shall remain exercisable until the Expiration Date, unless the Stock Option is terminated sooner as provided herein.

2. Termination of Employment. If the Optionee ceases to be an employee of the Company or Subsidiary, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee ceases to be an employee due to death, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee's beneficiary or legal representative for a period of twelve (12) months from the date of death, or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee ceases to be an employee as a result of incapacity due to physical or mental illness or disability which qualifies him to receive benefits under the Company's long-term disability plan, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be

exercised by the Optionee (or Optionee's legal representative if Optionee is incapacitated) for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier.

(c) Termination by the Company without Cause or by Employee for Good Reason. If the Optionee is terminated by the Company for reasons other than "Cause" (as defined herein), or if the Optionee terminates for Good Reason (as defined herein), the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier.

(d) Termination in Connection with a Change of Control. If the Optionee is terminated by the Company for reasons other than "Cause" (as defined herein) in connection with a Change of Control, or if the Optionee terminates employment for "Good Reason" (as defined herein), the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier. Notwithstanding the foregoing, nothing in this Section 2(d) shall limit the Board's authority to take any action permitted pursuant to Section 3(c) of the Plan.

(e) Termination for Cause. If the Optionee ceases to be an employee for Cause (as defined herein), the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

(f) Other Termination. If the Optionee ceases to be an employee for any reason other than those stated in Sections 2(a), 2(b), 2(c), 2(d) or 2(e) of this Agreement, the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his or her termination, for a period of three (3) months from the date of termination or until the Expiration Date, if earlier. The remaining portion of the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

For this purpose, neither a transfer of employment from the Company to a Subsidiary (or from a Subsidiary to the Company) nor a leave of absence approved in writing shall be deemed a "termination of employment."

3. Manner of Exercise. Subject to Section 5 below, the Stock Option may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(a) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(b) In the form of shares of Stock that the Optionee has beneficially owned for more than six months and that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(c) By the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the Optionee chooses to pay the purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the Optionee (or a purchaser acting in the Optionee's stead in accordance with the provisions contained in the Plan or this Agreement) by the Company of the full purchase price for such shares and any required withholding taxes, and the fulfillment of any other requirements contained in the Plan, this Agreement or applicable provisions of law.

4. Definitions. For purposes of this Agreement:

(a) "Cause" shall mean: (A) gross negligence or willful misconduct by Optionee in connection with the performance of his or her material duties as an employee of the Company or any Subsidiary; (B) a breach by Optionee of any of his or her material duties as an employee of the Company or any Subsidiary and the failure of Optionee to cure such breach within thirty (30) days after written notice thereof by the Company or any Subsidiary; (C) conduct by Optionee against the material best interests of the Company or any Subsidiary or a material act of common law fraud against the Company, any Subsidiary or the employees of either the Company or any Subsidiary; or (D) conviction of Optionee of a felony and such conviction has a material adverse effect on the interests or reputation of the Company or any Subsidiary.

(b) "Good Reason" shall mean the voluntary termination of employment by Optionee following the occurrence of any of the following events: (A) a substantial adverse change, not consented to by Optionee, in the nature or scope of Optionee's responsibilities, authorities, powers, functions or duties from the responsibilities, authorities, powers, functions or duties exercised by Optionee immediately prior to a Change of Control; (B) an involuntary reduction in Optionee's annual base salary except for across-the-board salary reduction similarly affecting all or substantially all employees; (C) the relocation of the company's offices at which Optionee is principally employed or the relocation of the offices of Optionee's primary workgroup to a location more than thirty (30) miles from such offices, or the requirement by the Company for Optionee to be based anywhere other than the Company's offices at such location on an extended basis, except for required travel of the Company's business to an extent substantially consistent

with Optionee's business travel obligations; or (D) the failure by the Company to pay the Optionee any portion of his compensation within fifteen (15) days of the date such compensation is due without the prior written consent of the Optionee.

5. Trading Policy Restrictions. Option exercises shall be subject to such Company trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

6. The Stock Option Transferable in Limited Circumstances. Subject to prior written notification to the Company by the Optionee, the Stock Option may be transferred to a family member, a trust for the benefit of one or more family members or a partnership in which family members are the only partners; provided, however, that the transferee agrees in writing with the Company to be bound by the terms of this Agreement and the Plan. Except as permitted in the preceding sentence, the Stock Option is not transferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee.

7. Stock Option Shares. The shares to be issued under the Plan are shares of the Common Stock of the Company as constituted as of the date of this Agreement, subject to adjustments pursuant to Section 3 of the Plan.

8. Rights as a Stockholder. The Optionee shall have the rights of a stockholder only as to shares of Stock acquired upon exercise of the Stock Option and not as to any shares of Stock covered by unexercised Stock Options. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares are acquired.

9. Tax Withholding. No later than the date on which part or all of the value of any shares of Stock received under the Plan first becomes includible in the Optionee's gross income for Federal income tax purposes, the Optionee shall make arrangements with the Administrator in accordance with Section 12 of the Plan regarding the payment of any federal, state or local taxes required to be withheld with respect to such income. Such payment may be either in cash or in Stock, subject to approval by the Administrator.

10. Tax Status. The Stock Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

11. The Plan. The Stock Option is subject in all respects to the terms, conditions, limitations and definitions contained in the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control.

12. No Obligation to Exercise Stock Option. The grant and acceptance of the Stock Option imposes no obligation on the Optionee to exercise it.

13. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

14. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

15. Purchase Only for Investment. To insure the Company's compliance with the Securities Act of 1933, as amended, the Optionee agrees for himself or herself, the Optionee's legal representatives and estate, or other persons who acquire the right to exercise the Stock Option upon his or her death, that shares will be purchased in the exercise of the Stock Option for investment purposes only and not with a view to their distribution, as that term is used in the Securities Act of 1933, as amended, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of that Act.

16. Governing Law. This Agreement and the Stock Option shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

17. Beneficiary Designation. The Optionee hereby designates the following person(s) as the Optionee's beneficiary(ies) to whom shall be transferred any rights under the Stock Option which survive the Optionee's death. If the Optionee names more than one primary beneficiary and one or more of such primary beneficiaries die, the deceased primary beneficiary's interest will be apportioned among any surviving primary beneficiaries before any contingent beneficiary receives any amount, unless the Optionee indicates otherwise in a signed and dated additional page. The same rule shall apply within the category of contingent beneficiaries. Unless the Optionee has specified otherwise herein, any rights which survive the Optionee's death will be divided equally among the Optionee's primary beneficiaries or contingent beneficiaries, as the case may be. If no beneficiary survives the Optionee or there is no effective beneficiary designation, the Optionee's estate shall be deemed to be his or her beneficiary.

PRIMARY BENEFICIARY(IES)
(Please Print)

Name Relationship % Address

- (a) -----
- (b) -----
- (c) -----

CONTINGENT BENEFICIARY(IES)
(Please Print)

Name Relationship % Address

- (a) -----
- (b) -----
- (c) -----

BOSTON PROPERTIES, INC.

By: -----

Title: -----

The undersigned hereby acknowledges receipt of the foregoing Stock Option and agrees to its terms and conditions:

Optionee

Date

BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"), Boston Properties, Inc. (the "Company") hereby grants to (the "Optionee"), a non-qualified stock option (the "Stock Option") to purchase shares of Common Stock of the Company (the "Stock") at the price of \$_____ per share, subject to the terms of this Agreement and the Plan. The Stock Option is granted as of _____ (the "Grant Date") and shall expire on _____ (the "Expiration Date"). All terms used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Timing of Exercise. Subject to Section 2 below and the discretion of the Administrator to accelerate the vesting schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following whole number of shares according to the timetable set forth below:

Number of Years After Date of Grant	Percentage of Shares Becoming Available for Exercise	Cumulative Percentage Available
Less than 3 years	0%	0%
At least 3 years	33 1/3%	33 1/3%
At least 4 years	33 1/3%	66 2/3%
5 or more years	33 1/3%	100%

Notwithstanding the foregoing, the Stock Option shall become fully vested and exercisable for the reasons stated in Sections 2(a), 2(b), 2(c) and 2(d) below. The Stock Option shall remain exercisable until the Expiration Date, unless the Stock Option is terminated sooner as provided herein.

2. Termination of Employment. If the Optionee ceases to be an employee of the Company or Subsidiary, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee ceases to be an employee due to death, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee's beneficiary or legal representative for a period of twelve (12) months from the date of death, or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee ceases to be an employee as a result of incapacity due to physical or mental illness or disability which qualifies him to receive benefits under the Company's long-term disability plan, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be

exercised by the Optionee (or Optionee's legal representative if Optionee is incapacitated) for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier.

(c) Termination by the Company without Cause or by Employee for Good Reason. If the Optionee is terminated by the Company for reasons other than "Cause" (as defined herein), or if the Optionee terminates for Good Reason (as defined in the Employment Agreement dated June 14, 1997, between the Company and the Optionee), the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier

(d) Termination in Connection with a Change of Control. If the Optionee is terminated by the Company for reasons other than "Cause" (as defined herein) in connection with a Change of Control, or if the Optionee terminates employment for "Good Reason" (as defined herein), the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier. Notwithstanding the foregoing, nothing in this Section 2(d) shall limit the Board's authority to take any action permitted pursuant to Section 3(c) of the Plan.

(e) Termination for Cause. If the Optionee ceases to be an employee for Cause (as defined herein), the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

(f) Other Termination. If the Optionee ceases to be an employee for any reason other than those stated in Sections 2(a), 2(b), 2(c), 2(d) or 2(e) of this Agreement, the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his or her termination, for a period of three (3) months from the date of termination or until the Expiration Date, if earlier. The remaining portion of the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

For this purpose, neither a transfer of employment from the Company to a Subsidiary (or from a Subsidiary to the Company) nor a leave of absence approved in writing shall be deemed a "termination of employment."

3. Manner of Exercise. Subject to Section 5 below, the Stock Option may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(a) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(b) In the form of shares of Stock that the Optionee has beneficially owned for more than six months and that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(c) By the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the Optionee chooses to pay the purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the Optionee (or a purchaser acting in the Optionee's stead in accordance with the provisions contained in the Plan or this Agreement) by the Company of the full purchase price for such shares and any required withholding taxes, and the fulfillment of any other requirements contained in the Plan, this Agreement or applicable provisions of law.

4. Definitions. For purposes of this Agreement:

(a) "Cause" shall mean: (A) gross negligence or willful misconduct by Optionee in connection with the performance of his or her material duties as an employee of the Company or any Subsidiary; (B) a breach by Optionee of any of his or her material duties as an employee of the Company or any Subsidiary and the failure of Optionee to cure such breach within thirty (30) days after written notice thereof by the Company or any Subsidiary; (C) conduct by Optionee against the material best interests of the Company or any Subsidiary or a material act of common law fraud against the Company, any Subsidiary or the employees of either the Company or any Subsidiary; or (D) conviction of Optionee of a felony and such conviction has a material adverse effect on the interests or reputation of the Company or any Subsidiary.

(b) "Good Reason" shall mean the voluntary termination of employment by Optionee following the occurrence of any of the following events: (A) a substantial adverse change, not consented to by Optionee, in the nature or scope of Optionee's responsibilities, authorities, powers, functions or duties from the responsibilities, authorities, powers, functions or duties exercised by Optionee immediately prior to a Change of Control; (B) an involuntary reduction in Optionee's annual base salary except for across-the-board salary reduction similarly affecting all or substantially all employees; (C) the relocation of the company's offices at which Optionee is principally employed or the relocation of the offices of Optionee's primary workgroup to a location more than thirty (30) miles from such offices, or the requirement by the Company for Optionee to be based anywhere other than the Company's offices at such location on an extended basis,

except for required travel of the Company's business to an extent substantially consistent with Optionee's business travel obligations; or (D) the failure by the Company to pay the Optionee any portion of his compensation within fifteen (15) days of the date such compensation is due without the prior written consent of the Optionee.

5. Trading Policy Restrictions. Option exercises shall be subject to such Company trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

6. The Stock Option Transferable in Limited Circumstances. Subject to prior written notification to the Company by the Optionee, the Stock Option may be transferred to a family member, a trust for the benefit of one or more family members or a partnership in which family members are the only partners; provided, however, that the transferee agrees in writing with the Company to be bound by the terms of this Agreement and the Plan. Except as permitted in the preceding sentence, the Stock Option is not transferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee.

7. Stock Option Shares. The shares to be issued under the Plan are shares of the Common Stock of the Company as constituted as of the date of this Agreement, subject to adjustments pursuant to Section 3 of the Plan.

8. Rights as a Stockholder. The Optionee shall have the rights of a stockholder only as to shares of Stock acquired upon exercise of the Stock Option and not as to any shares of Stock covered by unexercised Stock Options. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares are acquired.

9. Tax Withholding. No later than the date on which part or all of the value of any shares of Stock received under the Plan first becomes includible in the Optionee's gross income for Federal income tax purposes, the Optionee shall make arrangements with the Administrator in accordance with Section 12 of the Plan regarding the payment of any federal, state or local taxes required to be withheld with respect to such income. Such payment may be either in cash or in Stock, subject to approval by the Administrator.

10. Tax Status. The Stock Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

11. The Plan. The Stock Option is subject in all respects to the terms, conditions, limitations and definitions contained in the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control.

12. No Obligation to Exercise Stock Option. The grant and acceptance of the Stock Option imposes no obligation on the Optionee to exercise it.

13. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

14. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

15. Purchase Only for Investment. To insure the Company's compliance with the Securities Act of 1933, as amended, the Optionee agrees for himself or herself, the Optionee's legal representatives and estate, or other persons who acquire the right to exercise the Stock Option upon his or her death, that shares will be purchased in the exercise of the Stock Option for investment purposes only and not with a view to their distribution, as that term is used in the Securities Act of 1933, as amended, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of that Act.

16. Governing Law. This Agreement and the Stock Option shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

17. Beneficiary Designation. The Optionee hereby designates the following person(s) as the Optionee's beneficiary(ies) to whom shall be transferred any rights under the Stock Option which survive the Optionee's death. If the Optionee names more than one primary beneficiary and one or more of such primary beneficiaries die, the deceased primary beneficiary's interest will be apportioned among any surviving primary beneficiaries before any contingent beneficiary receives any amount, unless the Optionee indicates otherwise in a signed and dated additional page. The same rule shall apply within the category of contingent beneficiaries. Unless the Optionee has specified otherwise herein, any rights which survive the Optionee's death will be divided equally among the Optionee's primary beneficiaries or contingent beneficiaries, as the case may be. If no beneficiary survives the Optionee or there is no effective beneficiary designation, the Optionee's estate shall be deemed to be his or her beneficiary.

PRIMARY BENEFICIARY(IES)
(Please Print)

Name Relationship % Address

(a) -----
(b) -----
(c) -----

CONTINGENT BENEFICIARY(IES)
(Please Print)

Name Relationship % Address

(a) -----
(b) -----
(c) -----

BOSTON PROPERTIES, INC.

By: -----
Title: Vice President

The undersigned hereby acknowledges receipt of the foregoing Stock Option and agrees to its terms and conditions:

Optionee

Date

BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"), Boston Properties, Inc. (the "Company") hereby grants to (the "Optionee"), a non-qualified stock option (the "Stock Option") to purchase shares of Common Stock of the Company (the "Stock") at the price of \$ per share, subject to the terms of this Agreement and the Plan. The Stock Option is granted as of (the "Grant Date") and shall expire on (the "Expiration Date"). All terms used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Timing of Exercise. Subject to Section 2 below and the discretion of the Administrator to accelerate the vesting schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following whole number of shares according to the timetable set forth below:

Number of Years After Date of Grant	Percentage of Shares Becoming Available for Exercise	Cumulative Percentage Available
Less than 1 year	0%	0%
At least 1 year	33 1/3%	33 1/3%
At least 2 years	33 1/3%	66 2/3%
3 or more years	33 1/3%	100%

Notwithstanding the foregoing, the Stock Option shall become fully vested and exercisable when the Optionee attains age 65, dies or becomes incapacitated (as defined in Section 2(b) below) or upon a Change in Control (as defined in the Plan) of the Company. The Stock Option shall remain exercisable until the Expiration Date, unless the Stock Option is terminated sooner as provided herein.

2. Termination of Employment. If the Optionee ceases to be an employee of the Company or Subsidiary, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee ceases to be an employee due to death, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee's beneficiary or legal representative for a period of twelve (12) months from the date of death, or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee ceases to be an employee as a result of incapacity due to physical or mental illness or disability which qualifies him or her to receive benefits under the Company's long-term disability plan, the Stock

Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee (or Optionee's legal representative if Optionee is incapacitated) for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier.

(c) Termination in Connection with Retirement. If the Optionee's employment terminates by reason of Retirement (as defined in the Plan), the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his or her Retirement, for a period of twenty-four (24) months from the date of Retirement or until the Expiration Date, if earlier.

(d) Termination for Cause. If the Optionee ceases to be an employee for Cause (as defined herein), the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

(e) Other Termination. If the Optionee ceases to be an employee for any reason other than those stated in Sections 2(a), 2(b), 2(c) or 2(d) of this Agreement, the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his or her termination, for a period of three (3) months from the date of termination or until the Expiration Date, if earlier. The remaining portion of the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

For this purpose, neither a transfer of employment from the Company to a Subsidiary (or from a Subsidiary to the Company) nor a leave of absence approved in writing shall be deemed a "termination of employment."

3. Manner of Exercise. Subject to Section 5 below, the Stock Option may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(a) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(b) In the form of shares of Stock that the Optionee has beneficially owned for more than six months and that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(c) By the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the Optionee chooses to pay the purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure.

Payment instruments will be received subject to collection. The delivery of certificates

representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the Optionee (or a purchaser acting in the Optionee's stead in accordance with the provisions contained in the Plan or this Agreement) by the Company of the full purchase price for such shares and any required withholding taxes, and the fulfillment of any other requirements contained in the Plan, this Agreement or applicable provisions of law.

4. Definitions. For purposes of this Agreement:

"Cause" shall mean: (A) gross negligence or willful misconduct by Optionee in connection with the performance of his or her material duties as an employee of the Company or any Subsidiary; (B) a breach by Optionee of any of his or her material duties as an employee of the Company or any Subsidiary and the failure of Optionee to cure such breach within thirty (30) days after written notice thereof by the Company or any Subsidiary; (C) conduct by Optionee against the material best interests of the Company or any Subsidiary or a material act of common law fraud against the Company, any Subsidiary or the employees of either the Company or any Subsidiary; or (D) conviction of Optionee of a felony and such conviction has a material adverse effect on the interests or reputation of the Company or any Subsidiary.

5. Trading Policy Restrictions. Option exercises shall be subject to such Company trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

6. Non-Transferability of Stock Option. The Stock Option is not transferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee.

7. Stock Option Shares. The shares to be issued under the Plan are shares of the Common Stock of the Company as constituted as of the date of this Agreement, subject to adjustments pursuant to Section 3 of the Plan.

8. Rights as a Stockholder. The Optionee shall have the rights of a stockholder only as to shares of Stock acquired upon exercise of the Stock Option and not as to any shares of Stock covered by unexercised Stock Options. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares are acquired.

9. Tax Withholding. No later than the date on which part or all of the value of any shares of Stock received under the Plan first becomes includible in the Optionee's gross income for Federal income tax purposes, the Optionee shall make arrangements with the Administrator in accordance with Section 12 of the Plan regarding the payment of any federal, state or local taxes required to be withheld with respect to such income. Such payment may be either in cash

or in Stock, subject to approval by the Administrator.

10. Tax Status. The Stock Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

11. The Plan. The Stock Option is subject in all respects to the terms, conditions, limitations and definitions contained in the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control.

12. No Obligation to Exercise Stock Option. The grant and acceptance of the Stock Option imposes no obligation on the Optionee to exercise it.

13. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

14. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

15. Purchase Only for Investment. To insure the Company's compliance with the Securities Act of 1933, as amended, the Optionee agrees for himself or herself, the Optionee's legal representatives and estate, or other persons who acquire the right to exercise the Stock Option upon his or her death, that shares will be purchased in the exercise of the Stock Option for investment purposes only and not with a view to their distribution, as that term is used in the Securities Act of 1933, as amended, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of that Act.

16. Governing Law. This Agreement and the Stock Option shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

17. Beneficiary Designation. The Optionee hereby designates the following person(s) as the Optionee's beneficiary(ies) to whom shall be transferred any rights under the Stock Option which survive the Optionee's death. If the Optionee names more than one primary beneficiary and one or more of such primary beneficiaries die, the deceased primary beneficiary's interest will be apportioned among any surviving primary beneficiaries before any contingent beneficiary receives any amount, unless the Optionee indicates otherwise in a signed and dated additional page. The same rule shall apply within the category of contingent beneficiaries. Unless the Optionee has specified otherwise herein, any rights which survive the Optionee's death will be divided equally among the Optionee's primary beneficiaries or contingent beneficiaries, as the case may be. If no beneficiary survives the Optionee or there is no effective beneficiary designation, the Optionee's estate shall be deemed to be his or her beneficiary.

PRIMARY BENEFICIARY(IES)
(Please Print)

Name Relationship % Address

(a) -----
(b) -----
(c) -----

CONTINGENT BENEFICIARY(IES)
(Please Print)

Name Relationship % Address

(a) -----
(b) -----
(c) -----

BOSTON PROPERTIES, INC.

By: -----
Title: -----

The undersigned hereby acknowledges receipt of the foregoing Stock Option and agrees to its terms and conditions:

Optionee

Date

BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"), Boston Properties, Inc. (the "Company") hereby grants to (the "Optionee"), a non-qualified stock option (the "Stock Option") to purchase shares of Common Stock of the Company (the "Stock") at the price of \$ per share, subject to the terms of this Agreement and the Plan. The Stock Option is granted as of (the "Grant Date") and shall expire on (the "Expiration Date"). All terms used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Timing of Exercise. Subject to Section 2 below and the discretion of the Administrator to accelerate the vesting schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following whole number of shares according to the timetable set forth below:

Number of Years After Date of Grant	Percentage of Shares Becoming Available for Exercise	Cumulative Percentage Available
Less than 1 year	0%	0%
At least 1 year	33 1/3%	33 1/3%
At least 2 years	33 1/3%	66 2/3%
3 or more years	33 1/3%	100%

Notwithstanding the foregoing, the Stock Option shall become fully vested and exercisable when the Optionee attains age 65, dies or becomes incapacitated (as defined in Section 2(b) below) or upon a Change in Control (as defined in the Plan) of the Company. The Stock Option shall remain exercisable until the Expiration Date, unless the Stock Option is terminated sooner as provided herein.

2. Termination of Employment. If the Optionee ceases to be an employee of the Company or Subsidiary, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee ceases to be an employee due to death, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee's beneficiary or legal representative for a period of twelve (12) months from the date of death, or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee ceases to be an employee as a result of incapacity due to physical or mental illness or disability which qualifies

him or her to receive benefits under the Company's long-term disability plan, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee (or Optionee's legal representative if Optionee is incapacitated) for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier.

(c) Termination in Connection with Retirement. If the Optionee's employment terminates by reason of Retirement (as defined in the Plan), the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his or her Retirement, for a period of twenty-four (24) months from the date of Retirement or until the Expiration Date, if earlier.

(d) Termination for Cause. If the Optionee ceases to be an employee for Cause (as defined herein), the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

(e) Other Termination. If the Optionee ceases to be an employee for any reason other than those stated in Sections 2(a), 2(b), 2(c) or 2(d) of this Agreement, the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his or her termination, for a period of three (3) months from the date of termination or until the Expiration Date, if earlier. The remaining portion of the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

For this purpose, neither a transfer of employment from the Company to a Subsidiary (or from a Subsidiary to the Company) nor a leave of absence approved in writing shall be deemed a "termination of employment."

3. Manner of Exercise. Subject to Section 5 below, the Stock Option may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(a) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(b) In the form of shares of Stock that the Optionee has beneficially owned for more than six months and that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(c) By the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the Optionee chooses to pay the purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe

as a condition of such payment procedure.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the Optionee (or a purchaser acting in the Optionee's stead in accordance with the provisions contained in the Plan or this Agreement) by the Company of the full purchase price for such shares and any required withholding taxes, and the fulfillment of any other requirements contained in the Plan, this Agreement or applicable provisions of law.

4. Definitions. For purposes of this Agreement:

"Cause" shall mean: (A) gross negligence or willful misconduct by Optionee in connection with the performance of his or her material duties as an employee of the Company or any Subsidiary; (B) a breach by Optionee of any of his or her material duties as an employee of the Company or any Subsidiary and the failure of Optionee to cure such breach within thirty (30) days after written notice thereof by the Company or any Subsidiary; (C) conduct by Optionee against the material best interests of the Company or any Subsidiary or a material act of common law fraud against the Company, any Subsidiary or the employees of either the Company or any Subsidiary; or (D) conviction of Optionee of a felony and such conviction has a material adverse effect on the interests or reputation of the Company or any Subsidiary.

5. Trading Policy Restrictions. Option exercises shall be subject to such Company trading-policy-related restrictions, terms and conditions as may be established by the Administrator, or in accordance with policies set by the Administrator, from time to time.

6. The Stock Option Transferable in Limited Circumstances. Subject to prior written notification to the Company by the Optionee, the Stock Option may be transferred to a family member, a trust for the benefit of one or more family members or a partnership in which family members are the only partners; provided, however, that the transferee agrees in writing with the Company to be bound by the terms of this Agreement and the Plan. Except as permitted in the preceding sentence, the Stock Option is not transferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee.

7. Stock Option Shares. The shares to be issued under the Plan are shares of the Common Stock of the Company as constituted as of the date of this Agreement, subject to adjustments pursuant to Section 3 of the Plan.

8. Rights as a Stockholder. The Optionee shall have the rights of a stockholder only as to shares of Stock acquired upon exercise of the Stock Option and not as to any shares of Stock covered by unexercised Stock Options. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares are acquired.

9. Tax Withholding. No later than the date on which part or all of the value of any shares of Stock received under the Plan first becomes includible in the Optionee's gross income for Federal income tax purposes, the Optionee shall make arrangements with the Administrator in accordance with Section 12 of the Plan regarding the payment of any federal, state or local taxes required to be withheld with respect to such income. Such payment may be either in cash or in Stock, subject to approval by the Administrator.

10. Tax Status. The Stock Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

11. The Plan. The Stock Option is subject in all respects to the terms, conditions, limitations and definitions contained in the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control.

12. No Obligation to Exercise Stock Option. The grant and acceptance of the Stock Option imposes no obligation on the Optionee to exercise it.

13. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

14. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

15. Purchase Only for Investment. To insure the Company's compliance with the Securities Act of 1933, as amended, the Optionee agrees for himself or herself, the Optionee's legal representatives and estate, or other persons who acquire the right to exercise the Stock Option upon his or her death, that shares will be purchased in the exercise of the Stock Option for investment purposes only and not with a view to their distribution, as that term is used in the Securities Act of 1933, as amended, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of that Act.

16. Governing Law. This Agreement and the Stock Option shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

17. Beneficiary Designation. The Optionee hereby designates the following person(s) as the Optionee's beneficiary(ies) to whom shall be transferred any rights under the Stock Option which survive the Optionee's death. If the Optionee names more than one primary beneficiary and one or more of such primary beneficiaries die, the deceased primary beneficiary's interest will be apportioned among any surviving primary beneficiaries before any contingent beneficiary receives any amount, unless the Optionee indicates otherwise in a signed and dated additional page. The same rule shall apply within the category of contingent beneficiaries. Unless the Optionee has specified otherwise herein, any rights which survive the Optionee's death will be divided equally among the Optionee's primary beneficiaries or contingent beneficiaries, as the case may be. If no beneficiary survives the Optionee or there is no effective beneficiary

designation, the Optionee's estate shall be deemed to be his or her beneficiary.

PRIMARY BENEFICIARY(IES)
(Please Print)

Name	Relationship	%	Address
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(a)	-----	-----	-----
(b)	-----	-----	-----
(c)	-----	-----	-----

CONTINGENT BENEFICIARY(IES)
(Please Print)

Name	Relationship	%	Address
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(a)	-----	-----	-----
(b)	-----	-----	-----
(c)	-----	-----	-----

BOSTON PROPERTIES, INC.

By: -----

Title: -----

The undersigned hereby acknowledges receipt of the foregoing Stock Option and agrees to its terms and conditions:

Optionee

Date

BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

Pursuant to the Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"), Boston Properties, Inc. (the "Company") hereby grants to (the "Optionee"), a non-qualified stock option (the "Stock Option") to purchase shares of Common Stock of the Company (the "Stock") at the price of \$ per share, subject to the terms of this Agreement and the Plan. The Stock Option is granted as of (the "Grant Date") and shall expire on (the "Expiration Date"). All terms used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Timing of Exercise. Subject to Section 2 below and the discretion of the Administrator to accelerate the vesting schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following whole number of shares according to the timetable set forth below:

Number of Years After Date of Grant -----	Percentage of Shares Becoming Available for Exercise -----	Cumulative Percentage Available -----
Less than 1 year	0%	0%
At least 1 year	50%	50%
2 or more years	50%	100%

Notwithstanding the foregoing, the Stock Option shall become fully vested and exercisable for the reasons stated in Sections 2(a), 2(b) and 2(c) below. The Stock Option shall remain exercisable until the Expiration Date, unless the Stock Option is terminated sooner as provided herein.

2. Termination as Director. If the Optionee ceases to be a Director of the Company, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee ceases to be a Director due to death, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee's beneficiary or legal representative for a period of twelve (12) months from the date of death, or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee ceases to be a Director as a result of incapacity due to physical or mental illness or disability, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee (or Optionee's legal representative if Optionee is incapacitated) for a period of twelve (12) months from the date the Director ceases to serve as a Director or until the Expiration Date, if earlier.

(c) Termination in Connection with a Change of Control. If the Optionee ceases to be a Director as a result of a Change of Control, the Stock Option held by the Optionee shall become fully vested and exercisable and may thereafter be exercised by the Optionee for a period of twelve (12) months from the date of termination or until the Expiration Date, if earlier. Notwithstanding the foregoing, nothing in this Section 2(c) shall limit the Board's authority to take any action permitted pursuant to Section 3(c) of the Plan.

(d) Other Termination. If the Optionee ceases to be a Director for any reason other than death, disability or Change of Control, the Stock Option held by the Optionee may be exercised to the extent exercisable at the time of his termination, for a period of twelve (12) months from the date the Director ceases to serve as a Director or until the Expiration Date, if earlier. The remaining portion of the Stock Option held by the Optionee shall immediately terminate and be of no further force and effect.

3. Manner of Exercise. Subject to Section 4 below, the Stock Option may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Payment of the purchase price may be made by one or more of the following methods:

(a) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(b) In the form of shares of Stock that the Optionee has beneficially owned for more than six months and that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(c) By the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the purchase price; provided that in the event the Optionee chooses to pay the purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the Optionee (or a purchaser acting in the Optionee's stead in accordance with the provisions contained in the Plan or this Agreement) by the Company of the full purchase price for such shares and any required withholding taxes, and the fulfillment of any other requirements contained in the Plan, this Agreement or applicable provisions of law.

4. Trading Policy Restrictions. Option exercises shall be subject to such Company trading-policy-related restrictions, terms and conditions as may be established by the Board, or in accordance with policies set by the Board, from time to time.

5. The Stock Option Transferable in Limited Circumstances. Subject to prior written notification to the Company by the Optionee, the Stock Option may be transferred to a family member, a trust for the benefit of one or more family members or a partnership in which family members are the only partners; provided, however, that the transferee agrees in writing with the Company to be bound by the terms of this Agreement and the Plan. Except as permitted in the preceding sentence, the Stock Option is not transferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee.

6. Stock Option Shares. The shares to be issued under the Plan are shares of the Common Stock of the Company as constituted as of the date of this Agreement, subject to adjustments pursuant to Section 3 of the Plan.

7. Rights as a Stockholder. The Optionee shall have the rights of a stockholder only as to shares of Stock acquired upon exercise of the Stock Option and not as to any shares of Stock covered by unexercised Stock Options. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares are acquired.

8. Tax Status. The Stock Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

9. The Plan. The Stock Option is subject in all respects to the terms, conditions, limitations and definitions contained in the Plan. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms and conditions of the Plan shall control.

10. No Obligation to Exercise Stock Option. The grant and acceptance of the Stock Option imposes no obligation on the Optionee to exercise it.

11. No Obligation to Continue as Director. This Stock Option does not confer upon the Optionee any rights with respect to continuance as a Director.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

13. Purchase Only for Investment. To insure the Company's compliance with the Securities Act of 1933, as amended, the Optionee agrees for himself or herself, the Optionee's legal representatives and estate, or other persons who acquire the right to exercise the Stock Option upon his or her death, that shares will be purchased in the exercise of the Stock Option for investment purposes only and not with a view to their distribution, as that term is used in the Securities Act of 1933, as amended, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of that Act.

14. Governing Law. This Agreement and the Stock Option shall be governed by, and

construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

15. Beneficiary Designation. The Optionee hereby designates the following person(s) as the Optionee's beneficiary(ies) to whom shall be transferred any rights under the Stock Option which survive the Optionee's death. If the Optionee names more than one primary beneficiary and one or more of such primary beneficiaries die, the deceased primary beneficiary's interest will be apportioned among any surviving primary beneficiaries before any contingent beneficiary receives any amount, unless the Optionee indicates otherwise in a signed and dated additional page. The same rule shall apply within the category of contingent beneficiaries. Unless the Optionee has specified otherwise herein, any rights which survive the Optionee's death will be divided equally among the Optionee's primary beneficiaries or contingent beneficiaries, as the case may be. If no beneficiary survives the Optionee or there is no effective beneficiary designation, the Optionee's estate shall be deemed to be his or her beneficiary.

PRIMARY BENEFICIARY(IES)
(Please Print)

Name	Relationship	%	Address
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(a)	-----	-----	-----
(b)	-----	-----	-----
(c)	-----	-----	-----

CONTINGENT BENEFICIARY(IES)
(Please Print)

Name	Relationship	%	Address
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(a)	-----	-----	-----
(b)	-----	-----	-----
(c)	-----	-----	-----

BOSTON PROPERTIES, INC.

By: _____

Title: _____

The undersigned hereby acknowledges receipt of the foregoing Stock Option and agrees to its terms and conditions:

Optionee

Date

AMENDMENT NO. 1
TO THE
BOSTON PROPERTIES, INC.
1997 STOCK OPTION AND INCENTIVE PLAN
AS AMENDED AND RESTATED ON JANUARY 24, 2000

The Boston Properties, Inc. 1997 Stock Option and Incentive Plan (the "Plan"), as amended and restated on January 24, 2000, is hereby amended, by action of the Board of Directors of the Company at a meeting of the Board duly called and held on November 14, 2000, as follows:

1. Section 1 is hereby amended by adding thereto the following definition in alphabetical order:

"`Retirement' means the employee's termination of employment with the Company and its Subsidiaries after attainment of age 65, or attainment of age 55 and completion of seven (7) years of employment with the Company and/or a Subsidiary."

IN WITNESS WHEREOF, the undersigned certifies that the Amendment set forth above was adopted by the Board on November 14, 2000.

William J. Wedge, Secretary

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

This First Amendment (this "First Amendment") to Second Amended and Restated Revolving Credit Agreement is made and entered into and has an effective date as of the 20th day of September, 2000, by and among BOSTON PROPERTIES LIMITED PARTNERSHIP ("BPLP") and the Subsidiaries of BPLP which are listed on Schedule 1 (as amended in connection herewith and as such Schedule 1 may be amended from time to time) (BPLP and any such Subsidiary being hereinafter referred to collectively as the "Borrower" unless referred to in their individual capacities) to a certain Second Amended and Restated Revolving Credit Agreement (as amended hereby, the "Credit Agreement") dated as of March 31, 2000, each having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199, FLEET NATIONAL BANK ("Fleet"), a national banking association, having its principal place of business at One Federal Street, Boston, Massachusetts 02109 and certain other lending institutions (collectively with Fleet, the "Banks") and FLEET NATIONAL BANK, as agent for itself and each other Bank.

WHEREAS, the Borrower has requested that the Total Commitment under (and as defined in) the Credit Agreement be increased by an aggregate amount equal to \$105,000,000;

WHEREAS, each of the Banks has agreed to permit such increase in the Total Commitment on the terms and conditions set forth herein:

WHEREAS, Credit Lyonnais, New York Branch, Wells Fargo Bank and Bankers Trust Company have agreed to provide Commitments (as defined in the Credit Agreement) to the Borrower in the aggregate amount equal to \$105,000,000;

WHEREAS, in connection with the foregoing, the Borrower has requested certain amendments to the Credit Agreement, as set forth herein.

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration by each of the parties hereto, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Credit Agreement.
2. From and after the effective date hereof, (i) each of Credit Lyonnais, New York Branch, Wells Fargo Bank and Bankers Trust Company shall be a Bank and a Co-Agent for all purposes under the Credit Agreement and other Loan Documents, and (ii) the term Loan Documents shall include

this First Amendment to Second Amended and Restated Credit Agreement, dated as of September 20, 2000, among the Borrower, the Banks and the Agent.

3. The definition of "Revolving Credit Notes" contained in Section 1 of the Credit Agreement is amended by deleting the reference to "\$500,000,000" contained therein, and by inserting in place thereof the following new reference: "\$605,000,000."
4. The definition of "Total Commitment" contained in Section 1 of the Credit Agreement is amended by deleting the reference to "\$500,000,000" contained therein, and by inserting in place thereof the following new reference: "\$605,000,000."
5. Section 2.6 of the Credit Agreement is amended by adding the following parenthetical at the end thereof: "(provided that as to any Bank which is required to fund Revolving Credit Loans from its head office located in the Pacific Time Zone (U.S.), the preceding reference to `11:00 a.m.` shall be deemed to be a reference to `1:00 p.m.`)".
6. Schedule 2 to the Credit Agreement is amended to read in its entirety as set forth in Annex 1 hereto.
7. The Borrower hereby represents and warrants as follows:

(a) Representations in Credit Agreement. Both before and after giving effect to this First Amendment, each of the representations and warranties made by or on behalf of the Borrower, the Guarantor or any of their respective Subsidiaries contained in the Credit Agreement or any of the other Loan Documents, was true when made and is true on and as of the date hereof with the same full force and effect as if each of such representations and warranties had been made on the date hereof and in this First Amendment, except (i) to the extent of changes resulting from transactions contemplated or not prohibited by the Credit Agreement or the other Loan Documents and changes occurring in the ordinary course of business, and (ii) to the extent that such representations and warranties relate expressly to an earlier date.

(b) No Events of Default. No Default or Event of Default exists on the date hereof (both before and after giving effect to this First Amendment). Without limitation of the foregoing, after giving effect to this First Amendment, there exists no Default or Event of Default as a result of non-compliance with Sections 9 or 10 of the Credit Agreement.

(c) Binding Effect of Documents. This First Amendment has been duly executed and delivered by the Borrower and is in full force and effect as of the date hereof, and the agreements and obligations of the Borrower contained herein constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms. Revolving Credit Notes (substantially in the form of Exhibit A to the Credit Agreement) in favor of Credit Lyonnais, New York Branch, Wells Fargo Bank and Bankers Trust Company and the fee letter of even date herewith have been duly executed and delivered by each Borrower and, simultaneously with the closing of this First Amendment, shall be in full force and effect as of the date hereof, and the agreements and obligations of the Borrower contained herein and therein constitute legal, valid and binding obligations of each of Borrower enforceable against each Borrower in accordance with their respective terms.

8. Provisions of General Application.

(a) No Other Changes. Except as otherwise expressly provided by this First Amendment, all of the terms, conditions and provisions of the Credit Agreement and each of the other Loan Documents remain unaltered. The Credit Agreement and this First Amendment shall be read and construed as one agreement.

(b) Governing Law. This First Amendment is intended to take effect as a sealed instrument and shall be deemed to be a contract under the laws of the Commonwealth of Massachusetts. This First Amendment and the rights and obligations of each of the parties hereto shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Massachusetts.

(c) Binding Effect; Assignment. This First Amendment shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors in title and assigns.

(d) Counterparts. This First Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one and the same agreement. In making proof of this First Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

(e) Conflict with Other Agreements. If any of the terms of this First Amendment shall conflict in any respect with any of the terms of any of the Credit Agreement or any other Loan Document, the terms of this First Amendment shall be controlling.

(f) Conditions Precedent. The effectiveness of this First Amendment is subject to the conditions precedent that:

(i) The Agent shall have received, in form and substance satisfactory to it, a fully executed original of (a) this First Amendment, (b) the new Revolving Credit Notes in favor of Credit Lyonnais, New York Branch, Wells Fargo Bank and Bankers Trust Company, respectively, from each Borrower, (c) the fee letter of even date herewith relating to the fees payable by the Borrower in connection with this First Amendment, and (d) the certificate required to be delivered by Section 8.14 (relating to removal of a Borrower), with such certificate to take into account the increase in the Total Commitment contained herein;

(ii) The Agent and the Banks shall have received satisfactory legal opinions from counsel to the Borrower with respect to this First Amendment and the new Revolving Credit Notes; and

(iii) Borrower shall have paid to the Agent all fees required to be paid by the fee letter entered into by the Borrower and the Agent on the date hereof.

[Remainder of page intentionally left blank]

WITNESS the execution hereof, under seal, as of the day and year first written above.

FLEET NATIONAL BANK,
individually and as Managing Administrative
Agent*

By: _____
Name:
Title:

CREDIT LYONNAIS, NEW YORK BRANCH

By: _____
Name:
Title:

WELLS FARGO BANK

By: _____
Name:
Title:

BANKERS TRUST COMPANY

By: _____
Name:
Title:

- - - - -
* The Managing Administrative Agent has received Unanimous Bank Approval for the amendments contained in this First Amendment.

32 Hartwell Avenue, Lexington, MA**

MBZ-LEX TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

Waltham Office Center, Waltham, MA

ZEE EM TRUST II

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

- - - - -
** The designation of the specific Real Estate Asset or Assets owned by any signatory to this Agreement or any other Loan Document is for informational purposes only and does not in any way limit the joint and several liability of each Borrower, for so long as it is a Borrower, for the Obligations.

204 Second Avenue, Waltham, MA

WP TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

170 Tracer Lane, Waltham, MA

TRACER LANE TRUST II

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

33 Hayden Avenue, Lexington, MA

HAYDEN OFFICE TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

Lexington Office Park, 420-430 Bedford Street,
Lexington, MA

ELANDZEE TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

40-46 Harvard Street, Westwood, MA

40-46 HARVARD STREET TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

17 Hartwell Avenue, Lexington, MA

ZEE BEE TRUST II

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

One Cambridge Center, Cambridge, MA

ONE CAMBRIDGE CENTER TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

Three Cambridge Center, Cambridge, MA

THREE CAMBRIDGE CENTER TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

Eleven Cambridge Center, Cambridge, MA

ELEVEN CAMBRIDGE CENTER TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

Fourteen Cambridge Center, Cambridge, MA

FOURTEEN CAMBRIDGE CENTER TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

500 E Street, S.W., Washington, D.C.

SCHOOL STREET ASSOCIATES LIMITED
PARTNERSHIP

By: Boston Properties LLC, its sole general
partner

By: Boston Properties Limited
Partnership, its managing member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

1950 Stanford Court, Building One (MD 1),
Landover, MD

MARYLAND 50 BUILDING I ASSOCIATES
LIMITED PARTNERSHIP

By: Boston Properties LLC, its general partner

By: Boston Properties Limited
Partnership, its managing member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

6201 Columbia Park Road, Building Two (MD2),
Landover, MD

MARYLAND 50 BUILDING II ASSOCIATES
LIMITED PARTNERSHIP

By: Boston Properties LLC, its general partner

By: Boston Properties Limited
Partnership, its managing member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

2000 South Club Drive, Building Three (MD3),
Landover, MD

MARYLAND 50 BUILDING III ASSOCIATES
LIMITED PARTNERSHIP

By: Boston Properties LLC, its general partner

By: Boston Properties Limited
Partnership, its managing member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

Long Wharf Marriott, Boston, MA

DOWNTOWN BOSTON PROPERTIES TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

Cambridge Center Marriott, Cambridge, MA

TWO CAMBRIDGE CENTER TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

910 Clopper Road, Gaithersburg, MD

TECH PARK 270 LIMITED PARTNERSHIP

By: Boston Properties
LLC, its general partner

By: Boston Properties Limited
Partnership, its Managing Member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

930 Clopper Road, Gaithersburg, MD

TECH PARK 270 PHASE III LIMITED
PARTNERSHIP

By: Boston Properties
LLC, its general partner

By: Boston Properties Limited
Partnership, its Managing Member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

Decoverly Two, Rockville, MD

DECOVERLY TWO LIMITED PARTNERSHIP

By: Boston Properties
LLC, its general partner

By: Boston Properties Limited
Partnership, its Managing Member

By: Boston Properties, Inc., its
general partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

The Candler Building, 111 Market Place,
Baltimore, MD

CANDLER ASSOCIATES L.L.C.

By: Boston Properties, Inc., its managing
member

By: _____(SEAL)
David Gaw
Chief Financial Officer

104 Carnegie Center, Princeton, NJ

CARNEGIE CENTER ASSOCIATES

By: Boston Properties Limited Partnership, its
general partner

By: Boston Properties, Inc., its general
partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

105 Carnegie Center, Princeton, NJ

CARNEGIE CENTER ASSOCIATES

By: Boston Properties Limited Partnership, its
general partner

By: Boston Properties, Inc., its general
partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

210 Carnegie Center, Princeton, NJ

210 ASSOCIATES LIMITED PARTNERSHIP

By: Boston Properties LLC, its general partner

By: Boston Properties Limited Partnership,
its managing member

By: Boston Properties, Inc., its general
partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

211 Carnegie Center, Princeton, NJ

211 ASSOCIATES LIMITED PARTNERSHIP

By: Boston Properties LLC, its general partner

By: Boston Properties Limited Partnership,
its managing member

By: Boston Properties, Inc., its general
partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

Cambridge Center North Garage, Cambridge, MA

CAMBRIDGE CENTER NORTH TRUST

By: Boston Properties Limited Partnership, its
beneficiary

By: Boston Properties, Inc., its general
partner

By: _____(SEAL)
David Gaw
Chief Financial Officer

181 Spring Street, Lexington, MA

191 SPRING STREET TRUST

By: Boston Properties Limited Partnership, its
beneficiary

By: Boston Properties, Inc., its general
partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

9509 Key West Avenue, Decoverly Seven,
Rockville, MD

DECOVERLY SEVEN LIMITED PARTNERSHIP

By: Boston Properties LLC, its general partner

By: Boston Properties Limited Partnership,
its managing member

By: Boston Properties, Inc., its general
partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

One Tower Center, East Brunswick, NJ

SCV PARTNERS

By: Boston Properties Limited Partnership, a
general partner

By: Boston Properties, Inc., its general
partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

195 West Street, Waltham, MA

25-33 Dartmouth Street, Westwood, MA

7435 Boston Boulevard, Building One,
Springfield, VA

7451 Boston Boulevard, Building Two,
Springfield, VA

7374 Boston Boulevard, Building Four,
Springfield, VA

8000 Grainger Court, Building Five,
Springfield, VA

7500 Boulevard, Building Six,
Springfield, VA

7501 Boston Boulevard, Building Seven,
Springfield, VA

7601 Boston Boulevard, Building Eight,
Springfield, VA

7600 Boston Boulevard, Building Nine,
Springfield, VA

7375 Boston Boulevard, Building Ten,
Springfield, VA

8000 Corporate Court, Building Eleven,
Springfield, VA

7700 Boston Boulevard, Building Twelve,
Springfield, VA

38 Cabot Boulevard, Bucks County, PA

2391 West Winton Avenue, Hayward, CA

365 Herndon Parkway (Sugarland I),
Herndon, VA

397 Herndon Parkway (Sugarland II),
Herndon, VA

164 Lexington Road, Billerica, MA

Fullerton Square, Springfield, VA

The Arboretum, 12700 Sunrise Valley Drive,
Reston, VA

502 Carnegie Center, Princeton, NJ

Residence Inn, Cambridge, MA

Decoverly Three, 15204 Omega Drive, Rockville,
MD

7450 Boston Boulevard, Building Three,
Springfield, VA

200 West Street, Waltham, MA

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its sole general
partner

By: _____ (SEAL)
David Gaw
Chief Financial Officer

ACKNOWLEDGED AND AGREED:

BOSTON PROPERTIES, INC.

By: _____ (SEAL)
David Gaw
Chief Financial Officer

SCHEDULE 2

Bank -----	Commitment Amount -----	Commitment Percentage -----
Fleet National Bank One Federal Street Boston, MA 02109	\$ 82,000,000	13.55%
Bank of America, N.A. MD2-600-06-14 6610 Rock Ledge Drive 6th Floor Bethesda, MD 20817	\$ 81,500,000	13.47%
Commerzbank AG, New York Branch and Grand Cayman Branch 2 World Financial Center New York, NY 10281-1050	\$ 81,500,000	13.47%
PNC Bank, National Association One PNC Plaza 249 Fifth Avenue Mail Stop P1-P0PP-19-2 Pittsburgh, PA 15265	\$ 40,000,000	6.61%
The Bank of New York One Wall Street New York, NY 10286	\$ 35,000,000	5.79%
Bayerische Hypo- Und Vereinsbank AG, New York Branch 150 East 42nd Street New York, NY 10017-4679	\$ 40,000,000	6.61%
The Chase Manhattan Bank 380 Madison Avenue 10th Floor New York, NY 10017	\$ 20,000,000	3.30%

Bank -----	Commitment Amount -----	Commitment Percentage -----
KeyBank 666 Fifth Avenue Suite 3706 New York, NY 10103	\$ 40,000,000	6.61%
Dresdner Bank AG, New York and Grand Gayman Branches 75 Wall Street New York, NY 10005	\$ 35,000,000	5.79%
Citizens Bank 28 State Street Boston, MA 02109	\$ 25,000,000	4.13%
Summit Bank Commerce Center 1800 Chapel Avenue West Cherry Hill, NJ 08002	\$ 20,000,000	3.30%
Credit Lyonnais, New York Branch 1301 Avenue of the Americas New York, NY 10019-6022	\$ 35,000,000	5.79%
Wells Fargo Bank 125 Pearl Street, 3rd Floor Boston, MA 02110	\$ 35,000,000	5.79%
Bankers Trust Company 130 Liberty Street, 25th Floor New York, New York 10006	\$ 35,000,000	5.79%
TOTAL	\$605,000,000	100%

MASTER AGREEMENT

by and between

New York State Common Retirement Fund

and

Boston Properties Limited Partnership,

dated as of May 12, 2000.

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MASTER AGREEMENT

This agreement (this "Agreement"), dated as of the 12th day of May, 2000, by and between COMPTROLLER OF THE STATE OF NEW YORK AS TRUSTEE OF THE COMMON RETIREMENT FUND (the "Common Fund"), having an address at 633 Third Avenue, New York, New York 10017, and BOSTON PROPERTIES LIMITED PARTNERSHIP ("Boston Properties"), a Delaware limited partnership, having an address at 800 Boylston Street, Boston, Massachusetts 02119.

W I T N E S S E T H:

WHEREAS, the Common Fund and Boston Properties desire to set forth their agreement with respect to the acquisition from time to time by entities owned by the Common Fund and Boston Properties of certain types of real property; and

WHEREAS, Boston Properties has agreed to grant the Common Fund certain rights of first offer with respect to such acquisitions and certain other transactions.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Boston Properties and the Common Fund hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Acquisition Cost" shall mean, with respect to any Development Property Interest, the sum of the following amounts as of any given date (the "Determination Date"): (i) an amount equal to all of the third party out-of-pocket sums actually paid by Boston Properties (or the applicable Boston Properties Subsidiary, as the case may be) in connection with the acquisition by Boston Properties (or such Boston Properties Subsidiary) of such Development Property Interest, plus (ii) an amount equal to all of the third party out-of-pocket sums actually paid by Boston Properties (or the applicable Boston Properties Subsidiary, as the case may be), as of the Determination Date, in connection with the ownership of such Development Property Interest from and after such acquisition, plus (iii) an amount equal to the simple interest that would have accrued on the amounts described in the preceding clauses (i) and (ii), from the date that such amounts were paid by Boston Properties (or such Boston Properties Subsidiary) through the Determination Date, at the rate of 8% per annum.

"Advisor" shall mean the person or entity (if any) that, at the time in question, is advising the Common Fund in connection with the transactions contemplated

by this Agreement. As of the date hereof, J.P. Morgan Investment Management, Inc. is the Advisor.

"Boston Properties Guaranty Party" shall mean (i) any Boston Properties Subsidiary, (ii) any so-called "preferred stock" subsidiary of Boston Properties, (iii) such other subsidiary as to which Boston Properties is entitled to no less than 95% of the economics of such subsidiary, and (iv) any permitted assignee of any of the foregoing entities under any Venture Agreement (whether the applicable assignment was effected after all consents required under such Venture Agreement were obtained by the assignor or such assignment was permitted to be effected under the terms of such Venture Agreement without the assignor obtaining any consents). Any entity described in any of the preceding clauses (i), (ii) and (iii) shall be referred to herein as a "BP Subsidiary Party".

"Boston Properties Subsidiary" shall mean any entity that (directly or indirectly) (i) is wholly-owned by Boston Properties or (ii) is wholly-owned by Boston Properties and Boston Properties, Inc. (sometimes referred to herein as "BP Inc.").

"Business Day" or "business day" shall mean any day except Saturdays, Sundays and the following days: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving, the day following Thanksgiving, Christmas and any other day that shall be observed by the New York State government as a legal holiday.

"BXP Development Property" shall mean any Development Property in which Boston Properties or any Boston Properties Subsidiary holds a Development Property Interest that was acquired by Boston Properties or such Boston Properties Subsidiary more than 180 days prior to the date in question.

"Common Fund Guaranty Party" shall mean (i) any Common Fund Subsidiary, and (ii) any permitted assignee of the Common Fund or any Common Fund Subsidiary under any Venture Agreement (whether the applicable assignment was effected after all consents required under such Venture Agreement were obtained by the assignor or such assignment was permitted to be effected under the terms of such Venture Agreement without the assignor obtaining any consents).

"Common Fund Subsidiary" shall mean any entity that (directly or indirectly) is wholly-owned by the Common Fund. However, the parties agree that CRF Met Square, LLC shall constitute a Common Fund Subsidiary (notwithstanding the fact that CRF Met Square, LLC is not wholly-owned by the Common Fund).

"Common Fund's Surviving Obligations" shall mean any obligations imposed on the Common Fund pursuant to (i) the second-to-last sentence of Section 2.1(a) below, (ii) Section 2.3(b) below, or (iii) Section 3.2(b) below.

"Development Property" shall mean any real property located anywhere in the Target Markets that, at the time in question, either (i) consists primarily of unimproved land or (ii) consists of land that contains improvements which (x) are substantially vacant and (y) require Major Work in order to be able to be used primarily for office and related uses generally.

"Development Property Interest" shall mean any of the following interests in a Development Property: (i) fee title to such Development Property, (ii) the lessee's interest in a lease for such Development Property, (iii) any other interest that gives a person or entity 100% ownership (directly or indirectly) of such Development Property, or (iv) all the ownership interests in one or more entities that (directly or indirectly) hold 100% of any of the interests described in the preceding clauses (i), (ii) and (iii).

"Excluded Information" shall mean, with respect to any Operating Property Interest, any information that (i) was generated by or for the then seller of such Operating Property Interest, (ii) was obtained by Boston Properties solely because of the particular nature of its relationship with such seller, and (iii) is not generally available to other potential purchasers of such Operating Property Interest.

"Existing Venture Entities" shall mean (i) BP 140 Kendrick Street LLC (the "140 Kendrick Street Entity"), a Delaware limited liability company and (ii) The Metropolitan Square Associates LLC, a District of Columbia limited liability company

"Existing Venture Entity Operating Agreements" shall mean (i) that certain Limited Liability Company Agreement of BP 140 Kendrick Street LLC, dated as of the date hereof, between the Common Fund and Boston Properties (the "140 Kendrick Street Operating Agreement"), and (ii) that certain Limited Liability Company Agreement of The Metropolitan Square Associates LLC, dated as of the date hereof, between Boston Properties and CRF Met Square, LLC.

"Institutional Development Transaction" shall mean any transaction or proposed transaction with respect to a Development Property pursuant to which either (a) Boston Properties (or a Boston Properties Subsidiary) and an Institutional Partner will jointly acquire a Development Property Interest in a Development Property or (b) an Institutional Partner otherwise agrees to contribute capital for any direct or indirect legal or beneficial interest in (including, without limitation, any right to share in the profits and/or appreciation in value of) a Development Property in which Boston Properties (or any Boston Properties Subsidiary) holds, or intends to acquire, a Development Property Interest. By way of example only (and without limiting the foregoing), an Institutional Development Transaction would include a mortgage with an "equity kicker" or similar component. However, a legal or beneficial interest in Boston Properties or Boston Properties, Inc. shall not, in and of itself, constitute an "indirect" legal or beneficial interest in a Development Property for purposes of this definition. Notwithstanding the foregoing, the transactions described on Schedule VIII annexed hereto shall not constitute Institutional Development Transactions.

"Institutional Partner" shall mean any of the following types of entities (or any entity that is directly or indirectly owned or controlled by any of the following types of entities), whether domestic or foreign: (a) a commercial bank, trust company (whether acting individually or in a fiduciary capacity for another entity that constitutes an Institutional Partner), savings and loan association, savings bank, financing company or similar institution; (b) an insurance company; (c) an investment bank; (d) an employee's welfare, benefit, profit-sharing, pension or retirement trust, fund or system (whether federal, state, municipal, private or otherwise); (e) a religious, educational or eleemosynary institution or foundation; (f) a governmental agency; (g) a credit union, trust or endowment fund; (h) a hedge fund, opportunity fund or similar type of fund; (i) an entity not referred to in the foregoing provisions of this definition that is subject to supervision and regulation by the insurance or banking department of any of the United States, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or by any successor hereafter exercising similar functions; or (j) any combination of one or more of the foregoing entities. Notwithstanding the foregoing, no entity that satisfies any of the foregoing criteria but of which Boston Properties owns at least 90% of the voting interests, owns at least 90% of the equity interests, and otherwise solely controls all aspects of the management shall constitute an Institutional Partner. Boston Properties represents and warrants to the Common Fund that, as of the date hereof, no such entity exists.

"Major Operating Property Interest" shall mean any Operating Property Interest that, at the time in question, is being offered for sale (whether by bid or otherwise) for a gross purchase price that is reasonably anticipated to exceed Two Hundred Million (\$200,000,000) Dollars.

"Major Work" shall mean any of the following types of work: (i) the installation or replacement of all or substantially all of the elevator, electrical, plumbing, HVAC and other major systems of the building in question, or (ii) the installation or replacement of all or substantially all of a building's facade.

"New BXP Development Property" shall mean any Development Property in which Boston Properties or any Boston Properties Subsidiary holds a Development Property Interest that was acquired by Boston Properties or such Boston Properties Subsidiary within 180 days prior to the date in question.

"Offer Term" shall mean the period commencing on the date of this Agreement and ending on the sooner to occur of (i) the third anniversary of such date and (ii) the first date on which the Common Fund (x) has invested at least \$270,000,000 of initial capital to acquire Venture Properties in accordance with the terms of this Agreement and (y) has no approval from the Common Fund's Real Estate Advisory Committee (the "REAC") to continue investing with Boston Properties in Operating Properties or Development Properties under the terms of this Agreement.

"Operating Property" shall mean any real property located anywhere in Target Markets that, at the time in question, (i) is used or is intended to be used primarily for office and related purposes and (ii) is not a Development Property.

"Operating Property Interest" shall mean any of the following interests in an Operating Property: (i) fee title to such Operating Property, (ii) the lessee's interest in a lease for such Operating Property, (iii) any other interest that gives a person or entity 100% ownership (directly or indirectly) of such Operating Property, or (iv) all the ownership interests in one or more entities that (directly or indirectly) hold 100% of any of the interests described in the preceding clauses (i), (ii) and (iii).

"Opportunity Fund" shall mean (a) any real estate opportunity fund, real estate hedge fund or similar fund (i) in which the Common Fund holds any direct or indirect interest and (ii) with respect to which the Common Fund generally has no right to consent to the acquisition of any real property by such real estate opportunity fund, real estate hedge fund or similar fund, and (b) any entity that is directly or indirectly owned or controlled by any such real estate opportunity fund, real estate hedge fund or similar fund.

"Target Markets" shall mean the areas of the United States described in Schedule VI annexed hereto.

"Venture Agreements" shall mean, collectively, all of the following agreements (as such agreements may be amended or modified from time to time): (i) this Agreement; (ii) all of the Venture Entity Operating Agreements; (iii) all of the agreements to which any Venture Entity is a party or by which any Venture Entity is bound (including, without limitation, all property management agreements, leasing agency agreements, development agreements and similar agreements); and (iv) any other agreements that are executed pursuant to this Agreement.

"Venture Entities" shall mean, collectively, (i) the Existing Venture Entities; (ii) any entity that is created by or on behalf of Boston Properties and the Common Fund pursuant to the provisions of Sections 2.2(c) or 3.1(c) of this Agreement; (iii) any entity (x) that Boston Properties and the Common Fund (in their sole discretion) mutually agree to create other than in accordance with such Sections 2.2(c) and 3.1(c), and (y) that is wholly-owned (whether directly or indirectly) by Boston Properties and the Common Fund; and (iv) any Boston Properties Subsidiary into which the Common Fund (or a Common Fund Subsidiary) is admitted pursuant to Section 3.1(c) below.

"Venture Entity Operating Agreements" shall mean, collectively, all of the following agreements (as such agreements may be amended or modified from time to time): (i) the Existing Venture Entity Operating Agreements; (ii) any operating or similar agreement that is entered into pursuant to the provisions of Sections 2.2(c) or 3.1(c) of this Agreement; and (iii) any operating or similar agreement that relates to any entity described in clause (iii) of the definition of "Venture Entities."

"Venture Property Interest" shall mean (i) each Development Property Interest that is held by a Venture Entity and (ii) each Operating Property Interest that is held by a Venture Entity.

ARTICLE 2

RIGHT OF FIRST OFFER FOR OPERATING PROPERTIES

Section 2.1. Pre-Offer. (a) Subject to Section 2.5 and Section 4.3 below, if at any time during the Offer Term either Boston Properties or any Boston Properties Subsidiary (i) intends to submit an offer to acquire any Operating Property Interest or (ii) otherwise intends to acquire any Operating Property Interest, then Boston Properties, prior to submitting an offer, or commencing material negotiations, to acquire (or permitting any Boston Properties Subsidiary to submit an offer, or commence material negotiations, to acquire) such Operating Property Interest, shall give the Common Fund and the Advisor notice to that effect (each such notice, a "Pre-Offer Notice"). Each Pre-Offer Notice shall be accompanied by all information (other than any Excluded Information) with respect to the applicable Operating Property Interest that (x) was generated by or for the seller thereof and (y) is then in the possession of, or is otherwise reasonably available to, Boston Properties (provided, however, that if and to the extent that such information does not include all of the information set forth on Schedule VII annexed hereto with respect to such Operating Property Interest, then such Pre-Offer Notice shall also include all the information set forth on Schedule VII annexed hereto with respect to such Operating Property Interest, which information shall be set forth on the form that is annexed hereto as Schedule VII). If the Common Fund, in its sole discretion, desires to pursue the acquisition of such Operating Property Interest with Boston Properties (or the applicable Boston Properties Subsidiary, as the case may be), then the Common Fund, on or before the date (the "Pre-Offer Outside Response Date") that is 5 business days after the Common Fund's receipt of a properly given Pre-Offer Notice with respect to such Operating Property Interest, shall give Boston Properties notice to that effect (each such notice, a "Pre-Offer Acceptance Notice"). Boston Properties acknowledges and agrees that, until Boston Properties is notified to the contrary by the Common Fund, the Advisor shall be entitled to give any Pre-Offer Acceptance Notice on behalf of the Common Fund, and any Pre-Offer Acceptance Notice so given shall be of the same force and effect as if the Common Fund had given such Pre-Offer Acceptance Notice itself. If the Common Fund gives Boston Properties a Pre-Offer Acceptance Notice with respect to any Operating Property Interest, then the Common Fund may not pursue the acquisition of such Operating Property Interest with any person or entity other than Boston Properties (or the applicable Boston Properties Subsidiary) for a period of one year following the date that the Common Fund gave such Pre-Offer Acceptance Notice (it being agreed, however, that if Boston Properties is still diligently pursuing the acquisition of such Operating Property Interest at the end of such one-year period, then such one-year period shall be extended for so long as Boston Properties is so diligently pursuing such acquisition); provided, however, that (notwithstanding the foregoing) if at any time Boston Properties fails to comply with all of its obligations

under this Article 2 with respect to such Operating Property Interest, then (from and after such failure) the restriction contained in this sentence shall no longer apply. Notwithstanding anything to the contrary contained herein, the Common Fund shall not be deemed to have breached its obligations contained in the preceding sentence with respect to any applicable Operating Property Interest by reason of any Opportunity Fund, during the applicable time period referred to in such sentence, pursuing the acquisition of such Operating Property Interest.

(b) If (i) Boston Properties complies with all of its obligations under this Section 2.1 with respect to any Operating Property Interest and (ii) the Common Fund fails to give Boston Properties a Pre-Offer Acceptance Notice with respect to such Operating Property Interest by the Pre-Offer Outside Response Date applicable thereto, then either Boston Properties or a Boston Properties Subsidiary may acquire such Operating Property Interest without any further obligation to the Common Fund under this Article 2 with respect to such Operating Property Interest.

Section 2.2. Offer. (a) If the Common Fund timely gives Boston Properties a Pre-Offer Acceptance Notice with respect to any Operating Property Interest, then Boston Properties, as soon as is reasonably practicable after Boston Properties' receipt of such Pre-Offer Acceptance Notice, shall give the Common Fund an additional notice with respect to such Operating Property Interest (each such additional notice, an "Offer Notice"). Each Offer Notice shall (i) set forth the economic and other material terms on which the applicable Operating Property Interest is available for acquisition, (ii) set forth the price that Boston Properties (or such Boston Properties Subsidiary) desires to offer (whether by bid or otherwise) for such Operating Property Interest, as well as all of the other material terms that Boston Properties (or such Boston Properties Subsidiary) desires to include in such offer, (iii) constitute an offer to the Common Fund to pursue the joint acquisition of such Operating Property Interest with Boston Properties using the structure set forth and described in Section 2.2(c) below, (iv) contain a reasonably detailed estimate of all the Due Diligence Costs (as defined below) that Boston Properties expects to incur in connection with the acquisition of such Operating Property Interest (which estimate shall set forth any such Due Diligence Costs theretofore actually incurred), and (v) contain all other information that is reasonably necessary for the Common Fund to evaluate whether to accept such offer (which information shall include, without limitation, the information set forth on Schedule I annexed hereto with respect to the Operating Property to which such Operating Property Interest pertains).

(b) If the Common Fund, in its sole discretion, desires to accept such an offer with respect to any Operating Property Interest, then the Common Fund, on or before the Outside Response Date (as defined below) applicable to such Operating Property Interest, shall give Boston Properties notice to that effect (each such notice, an "Offer Acceptance Notice"); provided, however, that if such offer pertains to a Major Operating Property Interest, then the Common Fund shall have the right to state in such notice that the acceptance of such offer is conditioned on the Common Fund obtaining the REAC's approval of such acceptance (in which case such notice shall, for purposes of this Article 2, constitute a "Conditional Offer Acceptance Notice", not an Offer

Acceptance Notice). If (i) the Common Fund gives Boston Properties a Conditional Offer Acceptance Notice with respect to any Major Operating Property Interest, and (ii) the Common Fund, prior to receiving a Rescission Notice (as defined below) from Boston Properties with respect to such Major Operating Property Interest in accordance with the immediately following sentence, gives Boston Properties an additional notice (a "REAC Approval Notice") stating that the REAC has approved the joint acquisition of such Major Operating Property Interest with Boston Properties in accordance with this Agreement, then, for all purposes of this Agreement (including Section 2.2(c) below), the giving of such REAC Approval Notice shall constitute, and have the same force and effect as, a timely given Offer Acceptance Notice with respect to such Major Operating Property Interest. If (i) the Common Fund gives Boston Properties a Conditional Offer Acceptance Notice with respect to any Major Operating Property Interest, and (ii) the Common Fund fails to give Boston Properties a REAC Approval Notice within 10 business days after Boston Properties' receipt of such Conditional Offer Acceptance Notice, then Boston Properties, prior to receiving a REAC Approval Notice from the Common Fund with respect to such Major Operating Property Interest, shall have the right to give the Common Fund a notice (a "Rescission Notice") rescinding the offer contained in the Offer Notice that pertains such Major Operating Property Interest, whereupon either Boston Properties or a Boston Properties Subsidiary may acquire such Major Operating Property Interest without any further obligation to the Common Fund under this Article 2 with respect to such Operating Property Interest. For purposes of this Article 2, the term "Outside Response Date" shall mean, with respect to any Operating Property Interest, the date that is 10 business days after the Common Fund receives a properly given Offer Notice with respect to such Operating Property Interest.

(c) If the Common Fund timely gives Boston Properties an Offer Acceptance Notice with respect to any Operating Property Interest, then (i) Boston Properties and the Common Fund shall pursue the joint acquisition of such Operating Property Interest, and (ii) until such time (if ever) as the parties shall execute (or cause to be executed) an operating agreement with respect to such Operating Property Interest in accordance with the immediately following sentence, each of such parties shall, in connection with the pursuit of such joint acquisition, deal with the other as if Boston Properties and the Common Fund were parties to an operating agreement in the form of Exhibit A annexed hereto with respect to such Operating Property Interest (it being agreed that, without limiting the foregoing, the Common Fund shall have all of the consent rights contained in Section 7.02 of such form of operating agreement in connection with the pursuit of such joint acquisition). If Boston Properties and the Common Fund are the winning bidder with respect to such Operating Property Interest, or if the seller thereof is otherwise willing to sell such Operating Property Interest to Boston Properties and the Common Fund on terms that are acceptable to Boston Properties and the Common Fund, as the case may be, then (i) Boston Properties shall promptly create a Delaware limited liability company for purposes of acquiring and holding such Operating Property Interest, of which limited liability company Boston Properties (or, at Boston Properties' election, an entity wholly-owned and controlled by Boston Properties) and the Common Fund (or, at the Common Fund's election, an entity wholly-owned and controlled by the Common Fund) shall be the sole members, and (ii)

immediately after such limited liability company is created, the Common Fund (or, at the Common Fund's election, any entity that is wholly-owned and controlled by the Common Fund) and Boston Properties (or, at Boston Properties' election, any entity that is wholly-owned and controlled by Boston Properties) shall execute and deliver (or cause to be executed and delivered) an operating agreement for such limited liability company substantially in the form of Exhibit A annexed hereto, subject, however, to Section 4.1 below.

(d) If the Common Fund timely gives Boston Properties an Offer Acceptance Notice with respect to any Operating Property Interest, then the Common Fund, within 30 days after its receipt of a reasonably detailed invoice therefor (together with such corroborating documentation as the Common Fund may reasonably request), shall pay to Boston Properties sixty-five percent (65%) of the Due Diligence Costs incurred by Boston Properties in connection with such Operating Property Interest; provided, however, that (notwithstanding the foregoing) (x) the Common Fund shall not be required to pay or reimburse Boston Properties for any portion of the Due Diligence Costs incurred by Boston Properties in connection with such Operating Property Interest to the extent that such Due Diligence Costs exceed \$10,000 in the aggregate, unless and to the extent that the Common Fund gives its approval to Boston Properties to incur such Due Diligence Costs (which approval shall not be unreasonably withheld); (y) upon the execution of a Venture Entity Operating Agreement with respect to such Operating Property Interest, such Venture Entity Operating Agreement shall govern the payment and/or reimbursement of any Due Diligence Costs incurred with respect to such Operating Property Interest from and after such execution, and the Common Fund shall have no further obligation under this paragraph (d) to pay or reimburse Boston Properties for any such Due Diligence Costs so incurred; and (z) if (i) the Common Fund and Boston Properties for any reason fail to jointly acquire such Operating Property Interest (whether directly or indirectly) in accordance with this Article 2, and (ii) Boston Properties, within a period of 1 year thereafter, acquires such Operating Property Interest (whether directly or indirectly) itself or with any person or entity, then Boston Properties shall reimburse the Common Fund for any Due Diligence Costs paid or reimbursed to Boston Properties by the Common Fund with respect to such Operating Property Interest. For purposes hereof, the term "Due Diligence Costs" means all of the reasonable and customary out-of-pocket costs and expenses paid or incurred by Boston Properties to unaffiliated third parties on account of any due diligence performed in connection with the acquisition (or attempted acquisition) by Boston Properties and the Common Fund, in accordance with Section 2.2 hereof, of any Operating Property Interest.

(e) If (i) Boston Properties complies with all of its obligations under this Section 2.2 with respect to any Operating Property Interest and (ii) the Common Fund fails to give Boston Properties an Offer Acceptance Notice or a Conditional Offer Acceptance Notice with respect to such Operating Property Interest by the Outside Response Date applicable thereto, then either Boston Properties or a Boston Properties Subsidiary may acquire such Operating Property Interest without any further obligation to the Common Fund under this Article 2 with respect to such Operating Property Interest.

Section 2.3. Certain Restrictions. (a) Notwithstanding anything to the contrary contained herein, if (i) the Common Fund timely gives Boston Properties an Offer Acceptance Notice with respect to any Operating Property Interest (or the Common Fund and Boston Properties otherwise agree to acquire such Operating Property Interest jointly) and (ii) the Venture Entity created pursuant to Section 2.2(c) above fails to acquire such Operating Property Interest because of any act or omission of Boston Properties or a Boston Properties Subsidiary, including, without limitation, any refusal to consent to such acquisition by Boston Properties (or a Boston Properties Subsidiary) under the applicable Venture Entity Operating Agreement, or Boston Properties and the Common Fund otherwise fail to acquire such Operating Property Interest jointly because of any such act or omission, then (x) from and after the date of such act or omission, the restriction contained in the second-to-last sentence of Section 2.1(a) with respect to such Operating Property Interest shall no longer be applicable to the Common Fund and (y) in no event may Boston Properties acquire (whether directly or indirectly) such Operating Property Interest (or any portion thereof) for a period of one year following such act or omission (it being agreed, however, that if the Common Fund is still diligently pursuing the acquisition of such Operating Property Interest at the end of such one-year period, then such one-year period shall be extended for so long as the Common Fund is diligently pursuing such acquisition).

(b) Notwithstanding anything to the contrary contained herein, if (i) the Common Fund timely gives Boston Properties an Offer Acceptance Notice with respect to any Operating Property Interest (or the Common Fund and Boston Properties otherwise agree to acquire such Operating Property Interest jointly) and (ii) the Venture Entity created pursuant to Section 2.2(c) above fails to acquire such Operating Property Interest because of any act or omission of the Common Fund or a Common Fund Subsidiary, including, without limitation, any refusal to consent to such acquisition by the Common Fund (or a Common Fund Subsidiary) under the applicable Venture Entity Operating Agreement, or Boston Properties and the Common Fund otherwise fail to acquire such Operating Property Interest jointly because of any such act or omission, then in no event may the Common Fund acquire (whether directly or indirectly) such Operating Property Interest (or any portion thereof) for a period of one year following such act or omission (it being agreed, however, that if Boston Properties is still diligently pursuing the acquisition of such Operating Property Interest at the end of such one-year period, then such one-year period shall be extended for so long as Boston Properties is diligently pursuing such acquisition). Notwithstanding anything to the contrary contained herein, the Common Fund shall not be deemed to have breached its obligations contained in the preceding sentence with respect to any applicable Operating Property Interest by reason of any Opportunity Fund, during the applicable time period referred to in such sentence, acquiring such Operating Property Interest.

Section 2.4. Loss of the Common Fund's ROFO for Operating Properties (a) If (i) within any Measurement Period (as defined below), Boston Properties properly gives the Common Fund separate Pre-Offer Notices with respect to at least 8 Operating Property Interests, and (ii) the Common Fund fails to give a Pre-Offer Acceptance Notice

with respect to at least 50% of the Operating Property Interests in respect of which the Common Fund, during such Measurement Period, receives separate duly-given Pre-Offer Notices, then Boston Properties shall have the right, by notice (each, an "Inquiry Notice") given to the Common Fund within 15 business days thereafter, to request that the Common Fund certify to Boston Properties whether or not at least 50% of the Operating Property Interests in respect of which the Common Fund received separate duly-given Pre-Offer Notices during such Measurement Period constitute Qualified Rejected OP Interests (as defined below). Each Inquiry Notice shall (1) state in capital letters that such notice constitutes an Inquiry Notice under this Section 2.4(a), (2) specify the Measurement Period in respect of which it is being given, (3) list all of the Operating Property Interests for which Boston Properties properly gave the Common Fund Pre-Offer Notices during such Measurement Period and (4) state whether or not the Common Fund gave Boston Properties a Pre-Offer Acceptance Notice in respect of each of such Operating Property Interests. If the Common Fund receives a properly given Inquiry Notice on account of any Measurement Period, then the Common Fund, within 15 business days after its receipt of such Inquiry Notice, shall certify to Boston Properties whether or not at least 50% of the Operating Property Interests in respect of which the Common Fund received separate duly-given Pre-Offer Notices during such Measurement Period constitute Qualified Rejected OP Interests. If, in response to any properly given Inquiry Notice, the Common Fund certifies to Boston Properties that at least 50% of the Operating Property Interests in respect of which the Common Fund received separate duly-given Pre-Offer Notices during the applicable Measurement Period constitute Qualified Rejected OP Interests, then Boston Properties shall have the right, within 30 days after its receipt of such certification, to terminate the provisions of this Article 2 (but no other provisions of this Agreement) by giving written notice of such termination to the Common Fund. If Boston Properties properly gives such written notice of termination to the Common Fund, then (except for the Common Fund's Surviving Obligations contained in this Article 2) both parties shall be relieved of any obligations or liabilities that accrue under this Article 2 from and after the date such termination notice is so given. For purposes hereof, (I) the term "Measurement Period" means any consecutive 12-month period that occurs during the Offer Term; and (II) the term "Qualified Rejected OP Interest" shall mean an Operating Property Interest in respect of which the Common Fund (x) receives a properly given Pre-Offer Notice, and (y) fails to give a Pre-Offer Acceptance Notice because the Common Fund, as of the Pre-Offer Outside Response Date for such Operating Property Interest, was already having material discussions about pursuing, or was already pursuing, the joint acquisition of such Operating Property Interest with an entity other than Boston Properties or a Boston Properties Subsidiary. Notwithstanding the foregoing, for purposes of the definition of "Qualified Rejected OP Interest," the Common Fund shall not be deemed to be having material discussions about pursuing, or actually pursuing, the acquisition of any Operating Property Interest by reason of any Opportunity Fund taking any such actions.

(b) If (i) within any Measurement Period, Boston Properties properly gives the Common Fund separate Offer Notices with respect to at least 8 Operating Property Interests that constitute Qualified Operating Property Interests (as defined below), and (ii) the Common Fund fails to give an Offer Acceptance Notice with respect

to at least 50% of the Qualified Operating Property Interests in respect of which the Common Fund, during such Measurement Period, receives separate duly-given Offer Notices, then Boston Properties may terminate the provisions of this Article 2 (but no other provisions of this Agreement) by giving written notice of such termination to the Common Fund. If Boston Properties properly gives such written notice of termination to the Common Fund, then (except for the Common Fund's Surviving Obligations contained in this Article 2) both parties shall be relieved of any obligations or liabilities that accrue under this Article 2 from and after the date such termination notice is so given. For purposes hereof, a "Qualified Operating Property Interest" shall mean an Operating Property Interest with respect to which all of the criteria set forth on Schedule II annexed to this Agreement are fulfilled both (i) on the date on which the Common Fund receives an Offer Notice with respect to such Operating Property Interest and (ii) on the Outside Response Date applicable to such Operating Property Interest.

Section 2.5. Excluded Transactions. The provisions of this Article 2 shall not apply to the transactions described on Schedule IX annexed hereto.

ARTICLE 3

RIGHT OF FIRST OFFER FOR DEVELOPMENT PROPERTIES

Section 3.1. Offer. (a) Subject to Section 4.3 below, if at any time during the Offer Term either Boston Properties or any Boston Properties Subsidiary intends to enter into an Institutional Development Transaction with respect to any Development Property, then Boston Properties, prior to engaging a broker, finder or other third party for purposes of seeking, or commencing negotiations with, any Institutional Partner in connection therewith (or permitting any Boston Properties Subsidiary to seek, or commence negotiations with, any Institutional Partner in connection therewith), shall give the Common Fund notice to that effect (each such notice, a "Development Property Offer Notice"). Each Development Property Offer Notice shall (i) describe in reasonable detail the manner in which Boston Properties (or the applicable Boston Properties Subsidiary) proposes to develop or refurbish the Development Property that is the subject of such Institutional Development Transaction, (ii) either (x) if (as of the date Boston Properties gives such Development Property Offer Notice) such Development Property is a BXP Development Property, set forth Boston Properties' good faith determination ("Boston Properties' FMV Determination") of the fair market value (as of such date) of the Development Property Interest held by Boston Properties (or the applicable Boston Properties Subsidiary) in such Development Property, (y) if (as of the date Boston Properties gives such Development Property Offer Notice) such Development Property is a New BXP Development Property, set forth in reasonable detail the Acquisition Cost (as of such date) for the Development Property Interest held by Boston Properties (or the applicable Boston Properties Subsidiary) in such Development Property (and be accompanied by such corroborating documentation as shall be reasonably necessary to

establish such Acquisition Cost), or (z) in all other cases, set forth the price at which the Development Property Interest that is the subject of such Institutional Development Transaction is available for acquisition, and (iii) contain all other information that is reasonably necessary for the Common Fund to evaluate whether to accept such offer (which information shall include, without limitation, (x) the information set forth on Schedule III annexed hereto with respect to such Development Property and (y) Boston Properties' good faith estimate of the costs to develop or refurbish such Development Property in the manner described in such Development Property Offer Notice, which estimate shall be in the form and shall contain the information set forth and described on Schedule IV annexed hereto). Further, each Development Property Offer Notice shall constitute an offer to the Common Fund to acquire an interest in the corresponding Development Property using the structure described in Section 3.1(c) below, which offer shall be at a price that is based on the Agreed Value (as defined below) of the applicable Development Property Interest in such Development Property. For purposes hereof, the "Agreed Value" of any Development Property Interest shall mean (as the case may be): (i) if such Development Property Interest was acquired by Boston Properties (or the applicable Boston Properties Subsidiary, as the case may be) more than 180 days prior to the date on which Boston Properties gives the Development Property Offer Notice pertaining thereto, an amount equal to Boston Properties' FMV Determination of such Development Property Interest, (ii) if such Development Property Interest was acquired by Boston Properties (or the applicable Boston Properties Subsidiary, as the case may be) within 180 days prior to the date on which Boston Properties gives the Development Property Offer Notice pertaining thereto, an amount equal to the Acquisition Cost of such Development Property Interest as of the date that the applicable Venture Entity acquires such Development Property Interest (or as of the date on which the Common Fund or a Common Fund Subsidiary is admitted into the Boston Properties Subsidiary that is the holder of such Development Property Interest, as the case may be), or (iii) in all other cases, an amount equal to the price at which such Development Property Interest is ultimately acquired by the applicable Venture Entity.

(b) If the Common Fund, in its sole discretion, desires to accept any offer pursuant to Section 3.1(a) with respect to any Development Property, then the Common Fund, on or before the DP Outside Response Date (as defined below) applicable to such Development Property, shall give Boston Properties notice to that effect (each such notice, a "Development Property Acceptance Notice"). For purposes of this Article 3, the term "DP Outside Response Date" shall mean, with respect to any Development Property, the date that is 30 business days after the Common Fund receives a properly given Development Property Offer Notice that pertains to such Development Property.

(c) If the Common Fund gives Boston Properties a Development Property Acceptance Notice with respect to any Development Property by the applicable DP Outside Response Date, then (i) within 15 days after Boston Properties receives such Development Property Acceptance Notice, Boston Properties shall create a Delaware limited liability company for purposes of acquiring and holding the applicable Development Property Interest in such Development Property, of which limited liability

company Boston Properties (or, at Boston Properties' election, an entity wholly-owned and controlled by Boston Properties) and the Common Fund (or, at the Common Fund's election, an entity wholly-owned and controlled by the Common Fund) shall be the sole members, and (ii) immediately after such limited liability company is created, Boston Properties (or, at Boston Properties' election, an entity wholly-owned and controlled by Boston Properties) and the Common Fund (or, at the Common Fund's election, an entity wholly-owned and controlled by the Common Fund) shall execute (or cause to be executed) an operating agreement for such limited liability company substantially in the form of Exhibit B annexed hereto, subject, however, to Section 4.1 below. If, on the date on which any Venture Entity is created pursuant to the first sentence of this paragraph, either Boston Properties or any Boston Properties Subsidiary holds any Development Property Interests in the applicable Development Property, then, promptly after such Venture Entity is so created, (i) Boston Properties shall convey or otherwise transfer (or, as the case may be, cause the applicable Boston Properties Subsidiary to convey or otherwise transfer) to such Venture Entity all the Development Property Interests held by Boston Properties (or held by the applicable Boston Properties Subsidiary) in such Development Property for the Agreed Value of such Development Property Interests, and (ii) simultaneously with the execution of the operating agreement for such Venture Entity, Boston Properties (or, as the case may be, the applicable Boston Properties Subsidiary), the Common Fund (or, as the case may be, the applicable Common Fund Subsidiary) and such Venture Entity shall enter into a contribution agreement substantially in the form annexed hereto as Exhibit C with respect to the Common Fund's admission into such Venture Entity (the "Contribution Agreement Form") (with the initial capital contribution of the Common Fund (or such Common Fund Subsidiary) being calculated based on such Agreed Value). Notwithstanding the foregoing, if, as of the date on which the Common Fund gives a Development Property Acceptance Notice with respect to any Development Property, (i) a Boston Properties Subsidiary holds the applicable Development Property Interest in such Development Property, and (ii) such Boston Properties Subsidiary has held such interest for less than 90 days, then Boston Properties may elect, in lieu of creating a new Venture Entity to hold such Development Property Interest in accordance with the first sentence of this subsection, to have the Common Fund (or, at the Common Fund's election, a Common Fund Subsidiary) be admitted into such Boston Properties Subsidiary. If Boston Properties makes such an election, then (x) Boston Properties, the Common Fund (or, as the case may be, the applicable Common Fund Subsidiary) and such Boston Properties Subsidiary shall enter into a contribution agreement in substantially the form annexed hereto as Exhibit C with respect to the Common Fund's admission into such Boston Properties Subsidiary (with the initial capital contribution of the Common Fund (or such Common Fund Subsidiary) being calculated based on the Agreed Value of such Development Property Interest), (y) simultaneously with the execution of such contribution agreement, Boston Properties and the Common Fund (or such Common Fund Subsidiary) shall execute (or cause to be executed) an operating agreement for such Boston Properties Subsidiary in the form of Exhibit B annexed hereto, subject, however, to Section 4.1 below and (z) upon such execution, such Boston Properties Subsidiary shall constitute a Venture Entity for all purposes of this Agreement. The parties acknowledge that the Contribution Agreement Form contains certain provisions that may not be applicable to all transactions (as

indicated in the Contribution Agreement Form), and the parties, in executing each contribution agreement in accordance with the provisions of this Section 3.1(c), shall act reasonably and in good faith to delete all such provisions that are not applicable to the transaction in question. The parties also acknowledge that the Contribution Agreement Form contains certain blank spaces for certain terms that must be added thereto, and the parties, in executing each such contribution agreement, shall act reasonably and in good faith to cause such information to be added thereto. If the Common Fund timely gives Boston Properties a Development Property Acceptance Notice with respect to any Development Property Interest, then until such time as the parties shall execute (or cause to be executed) an operating agreement with respect to such Development Property Interest in accordance with the foregoing provisions of this Section 3.1(c), each of such parties shall, in connection with such Development Property Interest, deal with the other as if Boston Properties and the Common Fund were parties to an operating agreement in the form of Exhibit B annexed hereto with respect to such Development Property Interest (it being agreed that, without limiting the foregoing, the Common Fund shall have all of the consent rights contained in Section 7.02 of such form of operating agreement in connection therewith).

(d) If (i) Boston Properties complies with all of its obligations under this Section 3.1 with respect to any Development Property and (ii) the Common Fund fails to give Boston Properties a Development Property Acceptance Notice with respect to such Development Property by the DP Outside Response Date applicable thereto, then either Boston Properties or a Boston Properties Subsidiary may enter into any Institutional Development Transaction with respect to such Development Property.

Section 3.2. Certain Restrictions. (a) Notwithstanding anything to the contrary contained herein, if (i) the Common Fund timely gives Boston Properties a Development Property Acceptance Notice with respect to any Development Property (or Boston Properties otherwise agrees to permit the Common Fund to acquire an interest in such Development Property) and (ii) the Venture Entity created pursuant to Section 3.1(c) above fails to acquire the applicable interests in such Development Property because of any act or omission of Boston Properties or a Boston Properties Subsidiary, including, without limitation, any refusal to consent to such acquisition by Boston Properties (or a Boston Properties Subsidiary) under the applicable Venture Entity Operating Agreement, or the Common Fund otherwise fails to acquire an interest in such Development Property because of any such act or omission, then in no event may Boston Properties enter into (or permit any Boston Properties Subsidiary to enter into) any Institutional Development Transaction with respect to such Development Property for a period of one year following such act or omission.

(b) Notwithstanding anything to the contrary contained herein, if (i) the Common Fund timely gives Boston Properties a Development Property Acceptance Notice with respect to any Development Property (or Boston Properties otherwise agrees to permit the Common Fund to acquire an interest in such Development Property) and (ii) the Venture Entity created pursuant to Section 3.1(c) above fails to acquire the applicable interests in such Development Property because of any act or

omission of the Common Fund or a Common Fund Subsidiary, including, without limitation, any refusal to consent to such acquisition by the Common Fund (or a Common Fund Subsidiary) under the applicable Venture Entity Operating Agreement, or such Venture Entity otherwise fails to acquire an interest in such Development Property because of any such act or omission, then in no event may the Common Fund acquire (or permit any Common Fund Subsidiary to acquire) any direct or indirect ownership interest in such Development Property for a period of one year following such act or omission (it being agreed, however, that (x) if, at the time the Common Fund gave such Development Property Acceptance Notice, Boston Properties did not (directly or indirectly) own the applicable interest in such Development Property, and (y) Boston Properties is still diligently pursuing the acquisition of such interest at the end of such one-year period, then such one-year period shall be extended for so long as Boston Properties is so diligently pursuing such acquisition). Notwithstanding anything to the contrary contained herein, the Common Fund shall not be deemed to have breached its obligations contained in the preceding sentence with respect to any applicable Development Property by reason of any Opportunity Fund, during the applicable period referred to in such sentence, acquiring any direct or indirect ownership interest in such Development Property.

ARTICLE 4

GENERAL PROVISIONS APPLICABLE TO THE RIGHTS OF FIRST OFFER

Section 4.1. Permitted Changes. The parties acknowledge that each Operating Agreement Form (as defined below) contains certain provisions that may not be applicable to all transactions (as indicated in each such Operating Agreement Form), and the parties, in executing each operating agreement in accordance with the provisions of Articles 2 and 3 above, shall act reasonably and in good faith to delete all such provisions that are not applicable to the transaction in question. The parties also acknowledge that each Operating Agreement Form contains certain blank spaces for certain terms that must be added thereto, and the parties, in executing each such operating agreement, shall act reasonably and in good faith to cause such information to be added thereto. Further, the parties, in executing each such operating agreement, shall act reasonably and in good faith to make such changes to the applicable Operating Agreement Form (a) as are necessary to effect the transaction in question in the most mutually cost-effective and efficient manner and (b) as are otherwise necessary in connection with the particular nature of such transaction (in either such case, without affecting the rights or obligations of each party that are set forth in the applicable Operating Agreement Form). Finally, the parties agree that in certain instances a limited liability company might not be the appropriate entity in which to hold an Operating Property Interest or a Development Property Interest to be acquired pursuant to Article 2 or Article 3 above; accordingly, the parties agree that, in such instances, the parties will act reasonably and in good faith in order to select a different form of entity to hold such Operating Property Interest or Development Property Interest (as the case may be), without limiting the rights or obligations of either party under this Agreement with respect to such Operating Property

Interest or Development Property Interest (as the case may be). Boston Properties and the Common Fund agree that, in executing an operating agreement with respect to any Development Property Interest pursuant to Section 3.1(c) above, the Common Fund may elect whether or not to include in such operating agreement the provisions described in Schedule IV of Exhibit B annexed hereto. Moreover, the Common Fund, in connection with any Venture Entity Operating Agreement that is executed with respect to a Development Property Interest, may elect at any time to unilaterally amend such Venture Entity Operating Agreement to include in such Venture Entity Operating Agreement the provisions described in Schedule IV of Exhibit B annexed hereto. For purposes hereof, the term "Operating Agreement Form" means either (i) the form of operating agreement annexed to this Agreement as Exhibit A or (ii) the form of operating agreement annexed to this Agreement as Exhibit B (or, as the context requires, each of such forms).

Section 4.2. Reporting Requirements. Boston Properties, within 30 days after its receipt of a request therefor from the Common Fund, shall furnish to the Common Fund such information as is reasonably requested by the Common Fund to determine whether Boston Properties has complied with Boston Properties' obligations under Articles 2 and 3 above (which information shall include, without limitation, a reasonably detailed list of all real property interests directly or indirectly acquired by Boston Properties (and/or any Boston Properties Subsidiary) since the date of the last such request by the Common Fund (or, in the case of the first such request, since the date of this Agreement)). Notwithstanding the foregoing, Boston Properties shall not be required to deliver such information to the Common Fund more than 4 times in any 12 month period.

Section 4.3. Superior Rights. All of the Common Fund's rights under Article 2 and Article 3 above shall be subject to the rights and options (collectively, the "Superior Rights") that are described on, and that are held by the applicable entities described on, Schedule V attached hereto. Boston Properties represents and warrants to the Common Fund that, as of the date hereof, except as and to the extent set forth on Schedule V annexed hereto, (a) all the Superior Rights are in full force and effect, (b) Boston Properties is bound by all the Superior Rights, and (c) Boston Properties does not have the right to terminate (or cause to be terminated) any of the Superior Rights without the payment of a material sum of money or the incurrence of material liability by Boston Properties or any Boston Properties Subsidiary.

Section 4.4. Good Faith. Boston Properties agrees that, in connection with the discharge of its obligations under Articles 2 and 3 above, Boston Properties shall act in good faith. In amplification and not in limitation of the preceding sentence, Boston Properties shall not take any actions that in any way circumvent (or that are intended in any way to circumvent) any of Boston Properties' obligations, or any of the Common Fund's rights, under either Article 2 or Article 3 above. By way of example only (and without limiting the foregoing), Boston Properties shall be deemed to have breached its obligations under this Section 4.4 if Boston Properties, for non-economic reasons, creates an entity that is not wholly-owned by Boston Properties to acquire an Operating Property Interest (and Boston Properties thereby avoids its obligations under Article 2). The

Common Fund agrees that, in connection with the discharge of its obligations under Articles 2 and 3 above, the Common Fund shall act in good faith. In amplification and not in limitation of the preceding sentence, the Common Fund shall not take any actions that in any way circumvent (or that are intended in any way to circumvent) any of the Common Fund's obligations, or any of Boston Properties' rights, under either Article 2 or Article 3 above.

Section 4.5. Financing. (a) Because the Common Fund (or the applicable Common Fund Subsidiary) will have the right to participate in and consent to any financing decisions relating to any Operating Property or Development Property in which the Common Fund acquires an interest pursuant to Article 2 or Article 3 above, the parties agree as follows: (I) Boston Properties will not obtain or commit to obtain (or permit any Boston Properties Subsidiary to obtain or commit to obtain) any financing with respect to any Operating Property Interest that Boston Properties (or any Boston Properties Subsidiary) intends to acquire during the Offer Term unless and until either (x) the Common Fund gives an Offer Acceptance Notice with respect to such Operating Property Interest (whereupon the Common Fund will have the right to participate in and consent to any decision relating to such financing in accordance with Section 2.2(c) above and the applicable Venture Entity Operating Agreement), (y) the Common Fund, after receiving a properly given Pre-Offer Notice with respect to such Operating Property Interest, fails to give a Pre-Offer Acceptance Notice with respect to such Operating Property Interest by the Pre-Offer Outside Response Date applicable thereto, or (z) the Common Fund, after receiving a properly given Offer Notice with respect to such Operating Property Interest, fails to give an Offer Acceptance Notice with respect to such Operating Property Interest by the Outside Response Date applicable thereto; and (II) Boston Properties will not obtain or commit to obtain (or permit any Boston Properties Subsidiary to obtain or commit to obtain) any financing for a Development Property with respect to which Boston Properties (or any Boston Properties Subsidiary) intends to enter into an Institutional Development Transaction during the Offer Term unless and until either (x) the Common Fund gives a Development Property Acceptance Notice with respect to such Development Property (whereupon the Common Fund will have the right to participate in and consent to any decision relating to such financing in accordance with Section 3.1(c) above and the applicable Venture Entity Operating Agreement) or (y) the Common Fund, after receiving a properly given Development Property Offer Notice with respect to such Development Property, fails to give a Development Property Acceptance Notice with respect to such Development Property by the DP Outside Response Date applicable thereto.

(b) Boston Properties and the Common Fund acknowledge that it is their intention that the total debt encumbering all the stabilized Venture Properties at the end of the Offer Term will not exceed 60% of the total value of all such Venture Properties at such time.

Section 4.6. Remedies. (a) If Boston Properties materially breaches any of its non-monetary obligations under Article 2 or Article 3 above, then the Common Fund (as the Common Fund's sole and exclusive remedy on account of such breach) shall be

entitled, within 45 days after the Common Fund learns of such breach, to exercise (or cause to be exercised) the Reverse Buy-Sell Rights (as defined below) contained in the Venture Entity Operating Agreements with respect all (but not less than all) of the then existing Venture Properties. In the case of all other breaches by Boston Properties of Boston Properties' obligations under Article 2 or Article 3 above, the Common Fund shall be entitled to pursue all remedies available to the Common Fund on account thereof at law or in equity. For purposes hereof, the term "Reverse Buy-Sell Rights" shall mean either (i) the rights described in Section 13.04 of each Operating Agreement Form or (ii) any rights contained in any Venture Entity Operating Agreement that are substantially similar to the rights contained in such Section 13.04.

(b) If the Common Fund materially breaches any of its non-monetary obligations under Article 2 or Article 3 above, then Boston Properties (as Boston Properties' sole and exclusive remedy on account of such breach) shall be entitled, within 45 days after Boston Properties learns of such breach, to terminate the provisions of Articles 2 and 3 of the Agreement (but no other provisions of this Agreement). In the case of all other breaches by the Common Fund of the Common Fund's obligations under Article 2 or Article 3 above, Boston Properties shall be entitled to pursue all remedies available to Boston Properties on account thereof at law or in equity. If Boston Properties, in accordance with the first sentence of this paragraph (b), properly elects to terminate the provisions of such Articles 2 and 3, then (except for the Common Fund's Surviving Obligations) both parties shall be relieved of any obligations or liabilities that accrue under such Articles 2 and 3 from and after the effective date of such termination. The Common Fund's Surviving Obligations shall survive any termination of Articles 2 and 3 of this Agreement by Boston Properties pursuant to this Section 4.6(b) or any termination of such Article 2 by Boston Properties pursuant to Section 2.4 above; provided that if, after such termination, the Common Fund in bad faith breaches any of the Common Fund's Surviving Obligations, then, subject to the further provisions of this Section 4.6(b) below, Boston Properties, as its sole and exclusive remedy on account of such breach, may pursue one (and only one) of the following remedies (the "Applicable Remedies") (with the Common Fund, in accordance with the following provisions of this Section 4.6(b), electing in its sole discretion which one of such remedies Boston Properties may pursue): (i) the exercise of the BP Reverse Buy Sell Rights (as defined below) with respect all (but not less than all) of the then existing Venture Properties, or (ii) the prosecution of an action for the actual damages (other than consequential damages) suffered by Boston Properties on account of such breach (the remedy referenced in this clause (ii), the "Damages Remedy"). If Boston Properties believes that, after any such termination of this Article 2 by Boston Properties, the Common Fund in bad faith has breached any of the Common Fund's Surviving Obligations, then, within 45 days after Boston Properties learns of such breach, Boston Properties may send the Common Fund a reasonably detailed notice of such alleged breach. If, in accordance with the preceding sentence, the Common Fund receives a notice from Boston Properties alleging any such breach by the Common Fund, then the Common Fund, within 45 days after it receives such notice, shall have the right (a) to acknowledge that such breach occurred, in which case the Common Fund shall elect one of the Applicable Remedies for Boston Properties to pursue on account of such breach (whereupon Boston Properties

shall have the right to pursue such Applicable Remedy (and no other remedy) on account of such breach); or (b) to (i) deny that such breach occurred and (ii) notify Boston Properties as to which one of the two Applicable Remedies Boston Properties may pursue if a court of law ultimately determines that such breach did occur, in which case Boston Properties shall have the right to bring an action to determine (x) whether or not such a breach occurred and (y) if the Common Fund so elects for Boston Properties to pursue the Damages Remedy, what damages, if any, the Common Fund is liable for as a result of such breach. If (i) Boston Properties brings such an action and (ii) it is determined in such action that the Common Fund in bad faith breached any of the Common Fund's Surviving Obligations after the termination of this Article 2 by Boston Properties in accordance herewith, then Boston Properties may, on account of such breach, pursue the Applicable Remedy selected by the Common Fund in accordance with the preceding sentence (and no other remedy). For purposes hereof, the term "BP Reverse Buy-Sell Rights" shall mean either (i) the rights described in Section 13.06 of the Operating Agreement Form annexed hereto as Exhibit A, (ii) the rights described in Section 13.06 of the Operating Agreement Form annexed hereto as Exhibit B or (iii) any rights contained in any Venture Entity Operating Agreement that are substantially similar to the foregoing rights.

Section 4.7. Additional Termination Right. If the Common Fund exercises its Buy-Sell Rights (as defined below) with respect to any Venture Property Interest, then Boston Properties shall have the right, within 45 days after such exercise, to terminate the provisions of Articles 2 and 3 of the Agreement (but no other provisions of this Agreement). If Boston Properties, in accordance with the preceding sentence, properly elects to terminate the provisions of such Articles 2 and 3, then both parties shall be relieved of any obligations or liabilities that accrue under such Articles 2 and 3 from and after the effective date of such termination. For purposes hereof, the term "Buy-Sell Rights" shall mean either (i) the rights described in Article XIII of each Operating Agreement Form or (ii) any rights contained in any Venture Entity Operating Agreement that are substantially similar to the rights contained in such Article XIII.

Section 4.8. Property Management Agreements; Development Agreements. (a) Simultaneously with the acquisition of an Operating Property Interest by a Venture Entity during the Offer Term, Boston Properties, with respect to such Operating Property Interest, shall enter into (or, at Boston Properties' election, cause a BP Subsidiary Party to enter into) a property management agreement with such Venture Entity in the form annexed hereto as Exhibit D (subject, however, to Section 4.8(d) below).

(b) Within 60 days after either (i) any Venture Entity acquires a Development Property Interest during the Offer Term, or (ii) the Common Fund (or a Common Fund Subsidiary) is admitted during the Offer Term into any Boston Properties Subsidiary that holds a Development Property Interest, Boston Properties, with respect to such Development Property Interest, shall enter into (or, at Boston Properties' election, cause a BP Subsidiary Party to enter into) a property management agreement with such Venture Entity (or with such Boston Properties Subsidiary that holds such Development

Property Interest, as the case may be) in the form annexed hereto as Exhibit D (subject, however, to Section 4.8(d) below).

(c) Within 60 days after either (i) any Venture Entity acquires a Development Property Interest during the Offer Term, or (ii) the Common Fund is admitted during the Offer Term into any Boston Properties Subsidiary that holds a Development Property Interest, Boston Properties, with respect to such Development Property Interest, shall enter into (or, at Boston Properties' election, cause a BP Subsidiary Party to enter into) a development and services agreement with such Venture Entity (or with such Boston Properties Subsidiary that holds such Development Property Interest, as the case may be) in the form annexed hereto as Exhibit E (subject, however, to Section 4.8(d) below).

(d) Boston Properties acknowledges that each form described in this Section 4.8 contains certain provisions that may not be applicable to all transactions (as indicated in each such form), and Boston Properties, in executing (or causing to be executed) each agreement in accordance with the provisions of this Section 4.8, shall act reasonably and in good faith in negotiating to delete all such provisions that are not applicable to the transaction in question. Boston Properties also acknowledges that each such form contains certain blank spaces for certain terms that must be added thereto, and Boston Properties, in executing (or causing to be executed) each such agreement, shall act reasonably and in good faith in negotiating what information should be added to such blank spaces.

ARTICLE 5

GUARANTY

Section 5.1. Boston Properties Guaranty. Boston Properties, as primary obligor and not as surety merely, hereby unconditionally guarantees to the Common Fund the punctual payment and performance by each Boston Properties Guaranty Party of all of the obligations of such Boston Properties Guaranty Party under each of the Venture Agreements to which such Boston Properties Guaranty Party is now or hereafter becomes a party or otherwise bound (including, without limitation, the agreements described on Schedule X annexed hereto). The guaranty contained in the preceding sentence (the "Boston Properties Guaranty") shall be self-operative with respect to any Venture Agreement that is entered into after the date hereof by any Boston Properties Guaranty Party (or with respect to any Venture Agreement by which any Boston Properties Guaranty Party otherwise hereafter becomes bound), and no further instrument of guaranty shall be required in order for the Boston Properties Guaranty to apply to any such Venture Agreement. However, if requested by the Common Fund, Boston Properties shall execute, acknowledge and deliver to the Common Fund an instrument (in form and substance reasonably satisfactory to the Common Fund) confirming that the Boston Properties Guaranty applies to any such Venture Agreement. Boston Properties hereby acknowledges and agrees that each of the following entities is an intended third-party beneficiary of the Boston Properties Guaranty: (i) each Venture Entity that is a

party to (or is otherwise entitled to the benefits of) any Venture Agreement with a Boston Properties Guaranty Party (including, without limitation, any Venture Entity that is a party to any Management Agreement, Leasing Agency Agreement or Development Agreement with a Boston Properties Guaranty Party) and (ii) any Common Fund Guaranty Party that holds a direct or indirect interest in any Venture Entity. Without limiting the generality of the foregoing, Boston Properties shall cause each Boston Properties Guaranty Party that is a party to (or is otherwise bound by) any Venture Agreement to comply with all of the obligations of such Boston Properties Guaranty Party under such Venture Agreement.

Section 5.2. Common Fund Guaranty. The Common Fund, as primary obligor and not as surety merely, hereby unconditionally guarantees to Boston Properties the punctual payment and performance by each Common Fund Guaranty Party of all of the obligations of such Common Fund Guaranty Party under each of the Venture Agreements to which such Common Fund Guaranty Party is now or hereafter becomes a party or otherwise bound (including, without limitation, the agreements described on Schedule XI annexed hereto). The guaranty contained in the preceding sentence (the "Common Fund Guaranty") shall be self-operative with respect to any Venture Agreement that is entered into after the date hereof by any Common Fund Guaranty Party (or with respect to any Venture Agreement by which any Common Fund Guaranty Party otherwise hereafter becomes bound), and no further instrument of guaranty shall be required in order for the Common Fund Guaranty to apply to any such Venture Agreement. However, if requested by Boston Properties, the Common Fund shall execute, acknowledge and deliver to Boston Properties an instrument (in form and substance reasonably satisfactory to Boston Properties) confirming that the Common Fund Guaranty applies to any such Venture Agreement. The Common Fund hereby acknowledges and agrees that each of the following entities is an intended third-party beneficiary of the Common Fund Guaranty: (i) any Boston Properties Guaranty Party that holds a direct or indirect interest in any Venture Entity in which a Common Fund Guaranty Party also holds a direct or indirect interest and (ii) any Venture Entity in which a Common Fund Guaranty Party holds a direct interest. Without limiting the generality of the foregoing, the Common Fund shall cause each Common Fund Guaranty Party that is a party to (or is otherwise bound by) any Venture Agreement to comply with all of the obligations of such Common Fund Guaranty Party under such Venture Agreement.

Section 5.3. General Provisions.

(a) The following provisions of this Section 5.3 shall apply separately to each of the Boston Properties Guaranty and the Common Fund Guaranty. For purposes of the application of such provisions to the Boston Properties Guaranty, the following terms shall have the following meanings: (i) "Guaranty" shall mean the Boston Properties Guaranty; (ii) "Guarantor" shall mean Boston Properties; (iii) "Beneficiary" shall mean the Common Fund (together with all intended third-party beneficiaries of the Boston Properties Guaranty); (iv) "Guaranteed Obligations" shall mean all of the obligations guaranteed by the Boston Properties Guaranty; and (v) "Obligor" shall mean each Boston Properties Guaranty Party whose obligations are being guaranteed by the

Boston Properties Guaranty. For purposes of the application of such provisions to the Common Fund Guaranty, the following terms shall have the following meanings: (i) "Guaranty" shall mean the Common Fund Guaranty; (ii) "Guarantor" shall mean the Common Fund; (iii) "Beneficiary" shall mean Boston Properties (together with all intended third-party beneficiaries of the Common Fund Guaranty); (iv) "Guaranteed Obligations" shall mean all of the obligations guaranteed by the Common Fund Guaranty; and (v) "Obligor" shall mean each Common Fund Guaranty Party whose obligations are being guaranteed by the Common Fund Guaranty.

(b) The Guaranty is and is intended to be a continuing guaranty of the payment and performance of the Guaranteed Obligations, independent of and in addition to any other guaranty, endorsement, collateral or other agreement held by the applicable Beneficiary thereof or with respect thereto, whether or not furnished by the Guarantor under such Guaranty. The Guaranty is absolute and unconditional and shall not be changed or affected by any representation, oral agreement, act or thing whatsoever, except as herein provided. Further, the Guaranty is unlimited in amount.

(c) Guarantor hereby consents and agrees that each Beneficiary may at any time and from time to time, in its discretion, without affecting Guarantor or releasing Guarantor from any of its obligations under this Article 5, take any of the following actions without notice, demand or any reservation of rights: (1) renew, extend, increase, accelerate or otherwise change the time for payment or performance of, or the manner, place or terms of payment or performance of, any of the Guaranteed Obligations or (2) amend, modify, renew, extend, terminate or cancel any of the Venture Agreements to which any of the Guaranteed Obligations relate. Nothing in this paragraph (c) shall be construed to give any Beneficiary the unilateral right to amend or modify any Venture Agreement to which it is a party (or by which it is otherwise bound).

(d) Guarantor hereby agrees to pay and perform the Guaranteed Obligations in full: (1) without reduction by reason of any setoff, defense or counterclaim of any Obligor; (2) without requiring presentment, protest or notice of non-payment or notice of default to the Guarantor, to any Obligor or to any other person or entity; (3) without demand for payment by the applicable Obligor or Guarantor or proof of such demand; (4) without requiring the applicable Beneficiary to resort first to the applicable Obligor (this being a guaranty of payment and not of collection merely) or to any other guaranty or endorsement or any collateral which the applicable Beneficiary may hold; (5) without requiring notice of acceptance hereof or assent hereto; and (6) without requiring notice that any of the Guaranteed Obligations have been incurred or of the reliance by the applicable Beneficiary upon the Guaranty; and Guarantor hereby waives all of the foregoing.

(e) None of Guarantor's obligations under this Article 5 shall be affected by any of the following, all of which Guarantor hereby waives: (i) any defense arising by reason of the cessation or termination from any cause whatsoever of liability of the applicable Obligor with respect to all or any of the Guaranteed Obligations including, without limitation, any failure, negligence or omission by the applicable Beneficiary in

enforcing its claims against the applicable Obligor; (ii) any release, settlement, waiver or compromise of the applicable Obligor's obligation to pay or perform any of the Guaranteed Obligations; (iii) any release, non-perfection or invalidity of any direct or indirect security or guaranty held by the applicable Beneficiary for any of the Guaranteed Obligations; (iv) a cancellation or termination of any of the Venture Agreements; (v) the invalidity or unenforceability of any of the Guaranteed Obligations; (vi) any suretyship defenses and defenses in the nature thereof; or (vii) any other act or omission or other thing which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of Guarantor's obligations under this Article 5.

(f) Guarantor agrees to pay on demand all costs and expenses of every kind incurred by each Beneficiary in enforcing the Guaranty, including, without limitation, the actual attorney's fees incurred by such Beneficiary in retaining counsel for advice, suit, appeal, any insolvency or other proceedings under the Federal Bankruptcy Code or otherwise.

(g) The Guaranty shall continue and be effective notwithstanding any bankruptcy, insolvency or other similar or dissimilar proceeding relating to any Obligor and notwithstanding any failure by or inability of any Beneficiary to enforce any of the Guaranteed Obligations against any Obligor because of or any prohibition of such enforcement arising out of such proceeding. Whenever any of the Guaranteed Obligations could be declared due by any Beneficiary from the applicable Obligor were it not for such proceeding, such Beneficiary may declare the same to be due from Guarantor notwithstanding such proceeding.

(h) The applicable Beneficiary may remedy any default by any Obligor or with respect to any Guaranteed Obligations in any manner without waiving the default remedied and without waiving any other prior or subsequent default by any Obligor. All rights and remedies of each Beneficiary under this Article 5 are cumulative.

(i) Guarantor hereby waives all rights of subrogation, indemnity, contribution, exoneration, reimbursement or other claim which Guarantor now has, or may hereafter have, against any Obligor in connection with the Guaranteed Obligations.

(j) The provisions of this Article 5 shall survive the expiration or termination of this Agreement.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

Section 6.1. Boston Properties. Boston Properties hereby represents and warrants to the Common Fund that, as of the date hereof:

6.1.1 Boston Properties is a Delaware limited partnership, duly organized, validly existing and in good standing under the laws of the State of Delaware.

6.1.2 Boston Properties has duly authorized, executed and delivered this Agreement, and this Agreement and all of the obligations of Boston Properties hereunder constitute legal, valid and binding obligations of Boston Properties enforceable against Boston Properties in accordance with their terms. Boston Properties has the requisite partnership power and authority to execute this Agreement and to enter into the transactions contemplated hereby. Boston Properties has caused this Agreement to be executed by a duly authorized partner of Boston Properties. Neither the execution of this Agreement nor the consummation or performance by Boston Properties of the transactions contemplated by this Agreement will result in any of the following (to the extent that any of the following would adversely affect Boston Properties' ability to perform its obligations under this Agreement): (I) a violation of, or a conflict with, or a default (or an event which, with notice and/or lapse of time, would constitute a default) under any of the terms or provisions of (a) any agreement or instrument to which Boston Properties (or any Boston Properties Subsidiary) is a party to or by which Boston Properties (or any Boston Properties Subsidiary) is bound, (b) the limited partnership agreement or the other organizational documents of Boston Properties, or (c) any applicable legal requirements, or (II) the creation of any lien, security interest, charge or encumbrance upon any properties that are directly or indirectly owned by Boston Properties or any Boston Properties Subsidiary.

6.1.3 Boston Properties is not required to do any of the following (to the extent that the failure to do any of the following would adversely affect Boston Properties' ability to perform its obligations under this Agreement): obtain any consent, approval, order or authorization from, or make any declaration or filing with, any person or any governmental authority, in connection with the execution and delivery of this Agreement or the performance and consummation of the transactions contemplated hereby.

6.1.4 BP Inc. is a Delaware corporation, duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

6.1.5 BP Inc. is the sole general partner of Boston Properties and owns approximately 66% of the limited partnership interests in Boston Properties.

6.1.6 BP Inc. has timely filed all required forms, reports and documents (the "BP Reports") required to be filed by BP Inc. under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "Securities Laws") with the Securities and Exchange Commission (the "SEC"). As of their respective dates, the BP Reports (i) complied in all material respects with the

applicable requirements of the Securities Laws and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each of the consolidated balance sheets of BP Inc. included in or incorporated by reference into the BP Reports (including the related notes and schedules) fairly presents in all material respects the consolidated financial position of BP Inc. and its subsidiaries as of its date and each of the consolidated statements of income, retained earnings and cash flows of BP Inc. included in or incorporated by reference into the BP Reports (including any related notes and schedules) fairly presents in all material respects the results of operations, retained earnings or cash flows, as the case may be, of BP Inc. and its subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments which would not be material in amount or effect), in each case in accordance with generally accepted accounting principles consistently applied during the periods involved, except as may be noted therein and except, in the case of the unaudited statements, as permitted by Form 10-Q or Form 8-K of the SEC.

6.1.7 There are (i) no continuing orders, injunctions or decrees of any governmental entity to which BP Inc. or any subsidiary of BP Inc. is a party or by which any of their respective properties or assets are bound, and (ii) no actions, suits or proceedings pending (of which service or notice of process has been received by an employee of BP Inc.) against BP Inc. or any subsidiary of BP Inc. or, to the actual knowledge of BP Inc., threatened against BP Inc. or any subsidiary of BP Inc., at law or in equity, or before or by any federal or state commission, board, bureau, agency or instrumentality, that, if decided adversely, could, individually or in the aggregate, have a material adverse effect on the business, results of operations, financial condition or prospects of BP Inc. and its subsidiaries, considered as a whole (a "BP Material Adverse Effect").

6.1.8 Except as disclosed in the BP Reports filed with the SEC prior to the date hereof, since December 31, 1999, BP Inc. and its subsidiaries have conducted their business only in the ordinary course of such business and there has not been any event or occurrence that would, or is reasonably likely to, result in a BP Material Adverse Effect

6.1.9 Since June 24, 1997 through the most recent December 31st, BP Inc. has been subject to taxation as a real estate investment trust (a "REIT") within the meaning of Section 856 of the Internal Revenue Code of 1986, as amended (the "Code"), and has satisfied all requirements to qualify as a REIT for such years and (ii) BP Inc. has operated and intends to operate, in such a manner as to qualify as a REIT for the taxable year ending December 31, 1999. BP Inc. has not taken any action or failed to take any action which would reasonably be expected to, result in a challenge to its status as a REIT for 2000, and to the knowledge of BP Inc., no such challenge is pending or threatened.

6.1.10 Sections 11.1, 11.3, 11.4, 11.5 and 11.6 of Boston Properties' operating agreement contain all of the material provisions of such operating agreement that relate to the right of BP Inc. to consent to direct and indirect transfers of interests in Boston Properties by limited partners thereof.

All of the foregoing representations and warranties shall be deemed to have been re-made as of the date on which each Venture Entity Operating Agreement is entered into (whether pursuant to this Agreement or otherwise).

Section 6.2 The Common Fund. The Common Fund hereby represents and warrants to Boston Properties that, as of the date hereof:

6.2.1 The Common Fund has duly authorized, executed and delivered this Agreement, and this Agreement and all of the obligations of the Common Fund hereunder constitute legal, valid and binding obligations of the Common Fund enforceable against the Common Fund in accordance with their terms. The Common Fund has caused this Agreement to be executed by a duly authorized representative of the Common Fund. Neither the execution of this Agreement nor the consummation or performance by the Common Fund of the transactions contemplated by this Agreement will result in any of the following (to the extent that any following would adversely affect the Common Fund's ability to perform its obligations under this Agreement): a violation of, or a conflict with, or a default (or an event which, with notice and/or lapse of time, would constitute a default) under any of the terms or provisions of (a) any agreement or instrument to which the Common Fund (or any Common Fund Subsidiary) is a party to or by which the Common Fund (or any Common Fund Subsidiary) is bound, or (b) any applicable legal requirements.

6.2.2 The Common Fund is not required to do any of the following (to the extent that the failure to do any of the following would adversely affect the Common Fund's ability to perform its obligations under this Agreement): obtain any consent, approval, order or authorization from, or make any declaration or filing with, any person or any governmental authority, in connection with the execution and delivery of this Agreement or the performance and consummation of the transactions contemplated hereby.

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ARTICLE 7

RESTRICTIONS RELATING TO
QUALIFIED ORGANIZATIONS

Section 7.1 Definitions. For purposes of this Article 7, the following terms shall have the following meanings:

"Acceptable Appraiser" shall mean any real estate appraiser who (a) is a member of the American Institute of Real Estate Appraisers, or a successor body exercising similar functions, (b) is a member of a national appraisal firm that performs appraisals throughout the United States, (c) has at least ten (10) years' experience as an appraiser of office properties, and (d) is unaffiliated with either the Common Fund or Boston Properties.

"Boston Properties Party" shall mean Boston Properties, any Qualified BP Transferee, any Qualified BP Subsidiary and any Successor of any of the foregoing.

"Fair Market Value" shall mean, with respect to any Qualified Venture Property Interest, the price, as of the date in question, at which a willing seller would sell, and a willing buyer would buy, the applicable Venture Entity's interest in such Qualified Venture Property Interest, assuming that (i) neither the seller nor the purchaser is under any compulsion to act, and (ii) both the seller and the buyer are acting prudently, with full knowledge and for their self interest. The Fair Market Value of such Qualified Venture Property Interest shall (subject to the proviso at the end of this sentence) be determined by taking into consideration all relevant factors, including, without limitation, both the physical condition and use, as of the applicable date, of the underlying land and improvements (including, without limitation, all leases and other encumbrances affecting such land and improvements as of such date); provided, however, that (notwithstanding anything to the contrary contained herein) the Fair Market Value of any Qualified Venture Property Interest in unimproved land shall be calculated without regard to the highest use to which such land could be put as of such applicable date, if such highest use is not primarily office use.

"Percentage Interest" with respect to any Venture Entity, shall mean the percentage interest held by each member (or analogous interest holder) in such Venture Entity, as set forth in the Venture Entity Operating Agreement for such Venture Entity. By way of example only, the Percentage Interest of each member in the 140 Kendrick Street Venture Entity shall be the percentage set forth opposite its name in the definition of "Percentage Interest" contained in the 140 Kendrick Street Operating Agreement (subject to adjustment as provided in the 140 Kendrick Street Operating Agreement).

"Prohibited Transaction" shall mean shall mean (i) the admission of a party directly into any Boston Properties Party, (ii) the admission of a party indirectly into any Boston Properties Party, (iii) the transfer of a direct or indirect interest in any Boston Properties Party, or (iv) any other action by a Boston Properties Party or the

suffering by any Boston Properties Party of an action, in each case that has the effect of causing any Qualified Venture Entity not to meet the requirements of Section 514(c)(9)(E) of the Code (including, without limitation, by reason of Section 514(c)(9)(D) of the Code) and the Treasury Regulations thereunder (or, if applicable, any successor provisions of the Internal Revenue Code or Treasury Regulations); provided, however, that no admission, transfer or other action described in any of the preceding clauses (ii), (iii) and (iv) shall constitute a Prohibited Transaction if, and to the extent that, such admission, transfer or other action does not (under the partnership agreement, operating agreement or other organizational documents of the applicable Boston Properties Party) require the consent of the applicable Boston Properties Party (any such admission, transfer or other action that meets the criteria in this proviso, an "Uncontrollable QO Transaction"). Without limiting the generality of the foregoing, and by way of example only, the following transaction is among the transactions that do not constitute Prohibited Transactions: the transfer of an interest in a Boston Properties Party to a Qualified Organization in such a way that (i) such Qualified Organization has no direct or indirect interest in any Qualified Promote Interest and (ii) no Qualified Venture Entity otherwise fails to meet the requirements of Section 514(c)(9)(E) of the Code as a result of such transfer.

"Promote Interest" shall mean, with respect to any Venture Entity, the portion (if any) of the membership (or analogous) interest in such Venture Entity that entitles the holder thereof to distributions and allocations in excess of the product of (i) the Percentage Interest of the member (or analogous interest holder) owning such interest and (ii) the total distributions and allocations of such Venture Entity. The Promote Interest for any Venture Entity shall include the difference (whether positive or negative) of (x) the capital account balance of the holder of the Promote Interest and (y) the product of (A) the Percentage Interest of the member (or analogous interest holder) owning such interest and (B) the total aggregate capital account balances of such Venture Entity.

"Promote Interest Purchase Price" shall mean, with respect to any Promote Interest as of any date (the "Determination Date"), an amount equal to the product of (a) 0.75, multiplied by (b) an amount (the "Promote Interest FMV Price") equal to the net proceeds that, pursuant to the applicable Venture Entity Operating Agreement, would be distributed to the holder of such Promote Interest (as if such Promote Interest were the only interest in the applicable Venture Entity held by such holder) if (i) the Qualified Venture Property Interest then held by such Venture Entity was sold or otherwise disposed of (on the Determination Date) for a price equal to the Fair Market Value (as of the Determination Date) of such Qualified Venture Property Interest and (ii) the proceeds of such sale or other disposition were first applied to pay (x) the estimated costs and expenses that would be incurred by such Venture Entity in connection with such a sale or other disposition to a bona fide third party and (y) any debt of such Venture Property that is outstanding as of the Determination Date.

"Qualified BP Subsidiary" shall mean any Boston Properties Subsidiary (or any entity that, directly or indirectly, is wholly-owned by any Successor to Boston

Properties and/or Boston Properties, Inc.) that, at the time in question, is the holder of any Promote Interest.

"Qualified BP Transferee" shall mean any transferee (whether direct or remote) of Boston Properties' (or the applicable Boston Properties Subsidiary's) interest in a Venture Entity, which transferee, at the time in question, (x) is an affiliate of Boston Properties (or any Successor thereto) and (y) is the holder of the Promote Interest in such Venture Entity.

"Qualified Organization" shall have the meaning ascribed to it in Section 514(c)(9)(C) of the Internal Revenue Code of 1986, as amended (or, if applicable, any successor provision of the Internal Revenue Code).

"Qualified Promote Interest" shall mean, at any time, any Promote Interest that, at such time, is held by a Boston Properties Party.

"Qualified Venture Entity" shall mean, at any time, any Venture Entity in which, at such time, any Boston Properties Party is the holder of the Promote Interest (if any) in such Venture Entity.

"Qualified Venture Property Interest" shall mean, at any time, any Venture Property Interest that is held by a Venture Entity which, at such time, constitutes a Qualified Venture Entity.

"Restriction Period" shall mean the period of time commencing on the date hereof and ending on the earlier to occur of (x) the later to occur of (1) the last day of the Offer Term and (2) the first date on which the Common Fund no longer has any direct or indirect interest in any Qualified Venture Entity (the later to occur of such dates, the "Restriction Expiration Date") and (y) the date on which the first Permitted Admission is effected in accordance with Section 7.4 below; provided, however, that if, during any other period prior to the Restriction Expiration Date, no direct or indirect partner of Boston Properties (or any Successor of Boston Properties) shall constitute a Qualified Organization (whether because the entity that was the subject of the last Permitted Admission is no longer a partner of Boston Properties (or such Successor) or otherwise), then the term "Restriction Period" shall also include each such period that commences on the first date on which no direct or indirect partner of Boston Properties (or such Successor of Boston Properties) constitutes a Qualified Organization and ends on the earlier to occur of (x) the Restriction Expiration Date and (y) the date on which the next Permitted Admission is effected in accordance with Section 7.4 below.

"Successor" shall mean, with respect to any entity, any one of the following: (i) an entity resulting from a merger, consolidation, reorganization or recapitalization of or with such entity or (ii) a purchaser (or other transferee) of all or substantially all of such entity's assets and all or substantially all of such entity's liabilities.

Section 7.2 Representation and Warranty. Boston Properties represents and warrants to the Common Fund that, as of the date hereof, (a) Boston Properties does not constitute (and no other Boston Properties Party constitutes) a Qualified Organization, and (b) no direct or, to Boston Properties' knowledge, indirect partner in Boston Properties (or any other Boston Properties Party) constitutes a Qualified Organization such that a potential direct or indirect allocation from any Qualified Venture Entity could cause such Qualified Venture Entity not to meet the requirements of Section 514(c)(9)(E) of the Code (including, without limitation, by reason of Section 514(c)(9)(D) of the Code) and the Treasury Regulations thereunder (or, if applicable, any successor provisions of the Internal Revenue Code or Treasury Regulations). Moreover, if any Venture Entity Operating Agreement is entered into during any Restriction Period, then Boston Properties shall be deemed to have represented and warranted to the Common Fund (as of the date on which such Venture Entity Operating Agreement is so entered into) that Section 7.3 below has not been violated during such Restriction Period. Boston Properties shall promptly notify the Common Fund if at any time Boston Properties learns that any direct or indirect partner in Boston Properties (or any other Boston Properties Party) constitutes a Qualified Organization such that a potential direct or indirect allocation from any Qualified Venture Entity could cause such Qualified Venture Entity not to meet the requirements of Section 514(c)(9)(E) of the Code (including, without limitation, by reason of Section 514(c)(9)(D) of the Code) and the Treasury Regulations thereunder (or, if applicable, any successor provisions of the Internal Revenue Code or Treasury Regulations).

Section 7.3 Restriction. At no time during any Restriction Period shall Boston Properties effect, or permit or suffer to be effected, any Prohibited Transaction, except as and to the extent expressly permitted by Section 7.4 below. Without limiting the generality of the foregoing or anything in Section 7.4 below, in no event shall Boston Properties, prior to the first anniversary of the date of this Agreement, admit into Boston Properties any direct partner that constitutes a Qualified Organization, regardless of the type or amount of consideration proposed to be paid in connection therewith (it being agreed, however, that such an admission shall not be prohibited by this sentence if such admission does not constitute a Prohibited Transaction, i.e., if such admission would not cause any Qualified Venture Entity not to meet the requirements of Section 514(c)(9)(E) of the Code (including, without limitation, by reason of Section 514(c)(9)(D) of the Code) and the Treasury Regulations thereunder (or, if applicable, any successor provisions of the Internal Revenue Code or Treasury Regulations)).

Section 7.4 Sale of Promote Interests. (a) If (i) Boston Properties, at any time after the first anniversary of the date of this Agreement but before the end of any Restriction Period, desires to admit into Boston Properties any direct partner that constitutes a Qualified Organization and such admission would constitute a Prohibited Transaction, and (ii) the amount of the consideration to be paid or contributed by such direct partner to or on account of Boston Properties in connection with such admission is a least One Hundred Million (\$100,000,000) Dollars (any such admission described in the preceding clauses (i) and (ii), a "Permitted Admission"), then Boston Properties shall be permitted to effect such admission, provided that Boston Properties first complies with

all of the following provisions of this Section 7.4. Boston Properties shall give the Common Fund prior notice (a "Promote Interest Offer Notice") of its intention to effect a Permitted Admission, which notice shall (i) set forth the name of the Qualified Organization that is the subject of such Permitted Admission and a reasonably detailed description of the business and operations of such Qualified Organization, (ii) contain a reasonably detailed description of such Permitted Admission (including, without limitation, (x) a certification of Boston Properties as to the type and amount of the consideration to be paid or contributed to or on account of Boston Properties in connection therewith and (y) the anticipated closing date of such Permitted Admission, which anticipated closing date shall be no later than 120 days after the date of such Promote Interest Offer Notice), (iii) be accompanied by a written agreement between Boston Properties and such Qualified Organization that binds each of such parties to effect such Permitted Admission, (iv) be accompanied by an MAI appraisal for each Venture Property Interest that (i) as of such anticipated closing date, will constitute a Qualified Venture Property Interest and (ii) was acquired by the applicable Venture Entity during the then current Restriction Period, each of which appraisals (x) shall be prepared by an Acceptable Appraiser, (y) shall be dated no earlier than 30 days prior to the date of such Promote Interest Offer Notice and (z) shall set forth such appraiser's determination of the Fair Market Value (as of such anticipated closing date) of the Venture Property Interest in question (such Fair Market Value determination for each such Venture Property Interest, the "Initial Appraiser's Determination"), (v) be accompanied by such documentation as is reasonably necessary to corroborate the Initial Appraiser's Determination of the Fair Market Value of each such Venture Property Interest, and (vi) constitute an offer to convey (and/or cause the applicable Boston Properties Subsidiary(ies) and Qualified BP Transferee(s) to convey, as the case may be) to the Common Fund (and/or the applicable Common Fund Subsidiary) the Qualified Promote Interest pertaining to each such Venture Property Interest for a purchase price equal to the Promote Interest Purchase Price for such Qualified Promote Interest as of the effective date of such conveyance (which Promote Interest Purchase Price shall be determined in accordance with the provisions of Section 7.4(d) and, if applicable, Section 7.6 below). If the Common Fund desires to accept such offer with respect to all of such Qualified Promote Interests, then the Common Fund, within 45 days after receiving a duly given Promote Interest Offer Notice, shall deliver to Boston Properties a notice to that effect (each, a "Promote Interest Acceptance Notice"), which notice shall indicate, with respect to each such Qualified Promote Interest (each, an "Elected Promote Interest"), whether the Common Fund agrees with Initial Appraiser's Determination of the Fair Market Value of the Qualified Venture Property Interest that corresponds to such Elected Promote Interest. If Boston Properties gives the Common Fund a Promote Interest Offer Notice, then (i) Boston Properties from time to time shall allow (or cause to be allowed) all officers, employees, attorneys, advisors, accountants and other representatives (collectively, "Representatives") of the Common Fund access at all reasonable times to the records and files, audits and properties of each applicable Qualified Venture Entity, as well as to all information relating to commitments, contracts, titles and financial position, or otherwise pertaining to the business and affairs, of such Qualified Venture Entity, (ii) Boston Properties shall from time to time provide (or cause to be provided) all information regarding the business and affairs of such Qualified

Venture Entity, including without limitation, information regarding leasing negotiations, that the Common Fund may request and (iii) Boston Properties shall from time to time be available, and shall cause its Representatives (and the Representatives of such Qualified Venture Entity) to be available, at all reasonable times to answer questions and provide information regarding the business and affairs of such Qualified Venture Entity.

(b) If, after the date on which Boston Properties gives a Promote Interest Offer Notice but before the date on which the Permitted Admission that pertains thereto is effected, the Common Fund gives Boston Properties a Development Property Acceptance Notice with respect to any Development Property Interest (or the Common Fund and Boston Properties otherwise jointly acquire any Development Property Interest), then the parties shall act in good faith to structure the transaction involving such Development Property Interest such that the Venture Entity that will hold such Development Property Interest will not fail to comply with Section 514(c)(9)(E) of the Internal Revenue Code of 1986, as amended (or, if applicable, any successor provision of the Internal Revenue Code).

(c) If (i) Boston Properties properly gives the Common Fund a Promote Interest Offer Notice with respect to any Permitted Admission, and (ii) the Common Fund fails to give timely a Promote Interest Acceptance Notice in response thereto, then Boston Properties may thereafter effect such Permitted Admission, without further obligation under this Section 7.4 on account of such Permitted Admission.

(d) If the Common Fund, in any Promote Interest Acceptance Notice, indicates that it agrees with the Initial Appraiser's Determination of the Fair Market Value of any applicable Qualified Venture Property Interest, then the Promote Interest Purchase Price for the Elected Promote Interest that corresponds to such Qualified Venture Property Interest shall be computed by the Common Fund and Boston Properties based upon the Initial Appraiser's Determination of the Fair Market Value of such Qualified Venture Property Interest. If (i) the Common Fund, in any Promote Interest Acceptance Notice, indicates that it does not agree with the Initial Appraiser's Determination of the Fair Market Value of any applicable Qualified Venture Property Interest, and (ii) such disagreement is not resolved within 15 days after the Common Fund gives such Promote Interest Acceptance Notice, then the Fair Market Value of such Qualified Venture Property Interest shall, for purposes of calculating the Promote Interest Purchase Price for the corresponding Elected Promote Interest, be determined in accordance with Section 7.6 below. If the Fair Market Value of any Qualified Venture Property Interest is to be determined pursuant to Section 7.6 below, then, until at least 15 days after such determination is made, (i) the applicable Permitted Admission shall not be effected, and (ii) the corresponding Elected Promote Interest (as well as all of the other Elected Promote Interests that were covered by the same Promote Interest Acceptance Notice) shall not be conveyed to the Common Fund in accordance with Section 7.4(e) below. Notwithstanding the preceding sentence, Boston Properties may elect, upon at least 30 days prior notice to the Common Fund, to convey all such Elected Promote Interests to the Common Fund in accordance with Section 7.4(e) below before any such determination is made, provided that, at the closing of such conveyance, the amount to be

paid by the Common Fund for each such Elected Promote Interest with respect to which such a determination is being made shall be equal to 75% of the Promote Interest Purchase Price that would otherwise be payable by the Common Fund if such Promote Interest Purchase Price was calculated based on the Initial Appraiser's Determination of the Fair Market Value of the corresponding Qualified Venture Property Interest; and upon the determination, in accordance with Section 7.6 below, of the Fair Market Value of each applicable Qualified Venture Property Interest, the Promote Interest Purchase Price for the corresponding Elected Promote Interest shall be recomputed based on such determination and any adjustment between the parties thereto, together with interest on the adjusted amount at the rate of 8% per annum from the date of such closing until paid, shall be made within 30 days after such recomputation.

(e) If the Common Fund timely gives Boston Properties a Promote Interest Acceptance Notice with respect to one or more Elected Promote Interests, then, immediately prior to Boston Properties effecting the applicable Permitted Admission (but in no case sooner), Boston Properties shall convey (and/or cause the applicable Boston Properties Subsidiary(ies) or Qualified BP Transferee(s) to convey) to the Common Fund (and/or to the Common Fund Subsidiary(ies) that is a member of the applicable Venture Entity) each Elected Promote Interest that was covered by such Promote Interest Acceptance Notice, free and clear of all liens, encumbrances and other claims, for a purchase price equal to the Promote Interest Purchase Price (as of the date of such conveyance) for such Elected Promote Interest. In connection therewith, Boston Properties shall execute and tender (and/or cause to be executed and tendered) all documentation that the Common Fund may reasonably require in connection with such conveyance (including, without limitation, (x) any required amendment to the applicable Venture Entity Operating Agreement, and (y) representations and warranties of the transferor, which shall be guaranteed by Boston Properties if it is not the transferor, that the transferor has good title to the applicable Promote Interest and is transferring the same free and clear of any liens, encumbrances and other claims). The closing of such conveyance shall take place in the offices of the Common Fund's attorneys (or such other location as the Common Fund may reasonably designate). Each party shall pay its own legal fees in connection with such conveyance. Recording, transfer or similar taxes (if any) arising in connection with such conveyance shall be paid by Boston Properties. Moreover, all other costs and expenses relating to such conveyance shall be paid by Boston Properties.

(f) Notwithstanding anything to the contrary contained herein, but without limiting the restriction contained in Section 7.3 above, if the Common Fund, in response to any Promote Interest Offer Notice, timely gives Boston Properties a Promote Interest Acceptance Notice with respect to one or more Elected Promote Interests, then in no event may Boston Properties effect the applicable Permitted Admission unless and until all the Elected Promote Interests covered by such Promote Interest Acceptance Notice are conveyed to the Common Fund (and/or the applicable Common Fund Subsidiary) in accordance with this Section 7.4.

(g) Immediately following the conveyance of a Qualified Promote Interest to the Common Fund (and/or to the Common Fund Subsidiary(ies) that is a Member of the applicable Venture Entity), the capital account balance of each member of the Venture Entity shall be equal to the product of such member's Percentage Interest in such entity and the aggregate capital account balances of such entity.

(h) This Article 7 is intended to permit the respective Venture Entities to comply with Section 514(c)(9)(E) of the Internal Revenue Code of 1986, as amended (or, if applicable, any successor provision of the Internal Revenue Code) and shall be interpreted consistently therewith.

Section 7.5 Additional Remedies. (a) If Boston Properties at any time breaches its representations and warranties in Section 7.2 above or breaches its obligations under Section 7.3 above, then (in addition to all rights and remedies available to the Common Fund at law or in equity on account of such breach) the Common Fund shall have the right, to be exercised by the Common Fund's delivery of written notice to Boston Properties (each, a "Default Exercise Notice"), to purchase all of the Promote Interests that, as of the date such Exercise Notice is given, constitute Qualified Promote Interests, for a purchase price equal to the Promote Interest Purchase Price of each of such Qualified Promote Interests as of the date of the conveyance thereof in accordance with the following sentence. If the Common Fund gives Boston Properties a Default Exercise Notice with respect to any Qualified Promote Interests, then (i) for purposes of determining the Promote Interest Purchase Price of each such Qualified Promote Interest, the Fair Market Value of the corresponding Qualified Venture Property Interest shall be determined in accordance with Section 7.5(c) below, and (ii) Boston Properties shall convey (and/or cause to be conveyed) each such Qualified Promote Interest, free and clear of all liens, encumbrances and other claims, to the Common Fund (or, if applicable, to the Common Fund Subsidiary that is a member of the corresponding Venture Entity) within 30 days after such determination is made, for a purchase price equal to the Promote Interest Purchase Price thereof as of the date of such conveyance. In connection therewith, Boston Properties shall execute and tender (and/or cause to be executed and tendered) all documentation that the Common Fund may reasonably require in connection with such conveyance (including, without limitation, (x) any required amendment to the applicable Venture Entity Operating Agreement, and (y) representations and warranties of the transferor, which shall be guaranteed by Boston Properties if it is not the transferor, that the transferor has good title to the applicable Promote Interest and is transferring the same free and clear of any liens, encumbrances and other claims). The closing of such conveyance shall take place in the offices of the Common Fund's attorneys (or such other location as the Common Fund may reasonably designate). All costs and expenses relating to such conveyance shall be paid by Boston Properties.

(b) If an Uncontrollable QO Transaction occurs, then the Common Fund shall have the right, to be exercised by the Common Fund's delivery of written notice to Boston Properties (each, a "FMV Exercise Notice"), to purchase all of the Promote Interests that, as of the date such Exercise Notice is given, constitute Qualified

Promote Interests, for a purchase price equal to the Promote Interest FMV Price of each of such Qualified Promote Interests (to be calculated as of the date of the conveyance of each of such Qualified Promote Interests in accordance with the following sentence). If the Common Fund gives Boston Properties an FMV Exercise Notice with respect to any Qualified Promote Interests, then (i) for purposes of determining the Promote Interest FMV Price of each such Qualified Promote Interest, the Fair Market Value of the corresponding Qualified Venture Property Interest shall be determined in accordance with Section 7.5(c) below, and (ii) Boston Properties shall convey (and/or cause to be conveyed) each such Qualified Promote Interest, free and clear of all liens, encumbrances and other claims, to the Common Fund (or, if applicable, to the Common Fund Subsidiary that is a member of the corresponding Venture Entity) within 30 days after such determination is made, for a purchase price equal to the Promote Interest FMV Price thereof as of the date of such conveyance. In connection therewith, Boston Properties shall execute and tender (and/or cause to be executed and tendered) all documentation that the Common Fund may reasonably require in connection with such conveyance (including, without limitation, (x) any required amendment to the applicable Venture Entity Operating Agreement, and (y) representations and warranties of the transferor, which shall be guaranteed by Boston Properties if it is not the transferor, that the transferor has good title to the applicable Promote Interest and is transferring the same free and clear of any liens, encumbrances and other claims). The closing of such conveyance shall take place in the offices of the Common Fund's attorneys (or such other location as the Common Fund may reasonably designate). All costs and expenses relating to such conveyance shall be paid by Boston Properties.

(c) In any instance under this Section 7.5 where the Fair Market Value of a Qualified Venture Property Interest is to be determined pursuant to this Section 7.5(c), the following procedures shall be followed in connection with such Qualified Venture Property Interest: Boston Properties and the Common Fund, within 10 days after the date on which the Common Fund gives the applicable Default Exercise Notice or the applicable FMV Exercise Notice, as the case may be, shall select an Acceptable Appraiser to perform an MAI appraisal of such Qualified Venture Property Interest and determine the Fair Market Value thereof as of the applicable date. If, within such 10 day period, the parties are unable to agree upon an Acceptable Appraiser, then either party may apply to the American Arbitration Association to have an Acceptable Appraiser appointed thereby, which appointment shall be made within 10 days after such application is made. Such determination of the Fair Market Value of such Qualified Venture Property Interest by the Acceptable Appraiser so selected or appointed (x) shall be made by such Acceptable Appraiser within 15 days of its selection and (y) shall be made in accordance with the provisions and definitions contained in this Section 7.5(c). In rendering such determination, the Acceptable Appraiser so selected shall not add to, subtract from or otherwise modify the provisions of this Section 7.5(c) or the definition of "Fair Market Value" (and, notwithstanding anything to the contrary contained herein, any such addition, subtraction or modification shall be disregarded by the parties). Upon completion of such appraisal, (i) such Acceptable Appraiser shall deliver its determination of the Fair Market Value of such Qualified Venture Property Interest (together with all supporting documentation) to the Common Fund and Boston

Properties, which determination shall be binding on the Common Fund and the Advisor for purposes of this Article 7, and (ii) the Common Fund and Boston Properties shall then compute the Promote Interest Purchase Price or the Promote Interest FMV Price (as the case may be) for the corresponding Promote Interest based on such Fair Market Value determination. In the case of a determination for purposes of Section 7.5(a) above, Boston Properties shall in each instance be responsible for all the fees and expenses of the Acceptable Appraiser. In the case of a determination for purposes of Section 7.5(b) above, Boston Properties and the Common Fund shall each be responsible for one-half of the fees and expenses of the Acceptable Appraiser.

Section 7.6 Dispute Resolution Mechanism. In any instance under this Article 7 where the Fair Market Value of any Qualified Venture Property Interest is to be determined pursuant to this Section 7.6, the following procedures shall be followed in connection therewith: the Common Fund, within 15 days after the procedures in this Section 7.6 are invoked, shall, by notice to Boston Properties, select an Acceptable Appraiser (the Acceptable Appraiser so selected, the "Common Fund Appraiser") to perform an MAI appraisal of such Qualified Venture Property Interest and determine the Fair Market Value of such Qualified Venture Property Interest. The Fair Market Value of such Qualified Venture Property Interest shall be so determined as of the anticipated closing date for the corresponding Elected Promote Interest (or if such closing already occurred, as of the actual closing date, as the case may be) (such anticipated or actual closing date, as the case may be, the "Applicable Date"). Upon completion of such appraisal, the Common Fund Appraiser shall deliver its determination of the Fair Market Value of such Qualified Venture Property Interest (such determination, the "Common Fund Appraiser's Determination") to the Common Fund and Boston Properties, together with the underlying appraisal. If the Common Fund Appraiser's Determination with respect to such Qualified Venture Property Interest is equal to at least 95% of the Initial Appraiser's Determination with respect to such Qualified Venture Property Interest, then the Fair Market Value of such Qualified Venture Property Interest shall, for purposes of this Article 7, be equal to the mathematical average of such Common Fund Appraiser's Determination and such Initial Appraiser's Determination. If the Common Fund Appraiser's Determination with respect to such Qualified Venture Property Interest is less than 95% of the Initial Appraiser's Determination with respect to such Qualified Venture Property Interest, then, within 10 days after the Common Fund Appraiser's Determination is so delivered to the Common Fund and Boston Properties, the Common Fund and Boston Properties shall select a third Acceptable Appraiser (the "Third Appraiser") to perform an MAI appraisal of such Qualified Venture Property Interest and determine the Fair Market Value thereof as of the Applicable Date. If, within such 10 day period, the parties are unable to agree upon the Third Appraiser, then either party may apply to the American Arbitration Association to have an Acceptable Appraiser appointed thereby, which appointment shall be made within 10 days after such application is made. Upon the selection or appointment of the Third Appraiser, the Third Appraiser shall be advised (x) that the determination of the Fair Market Value at issue shall be governed by the definition of same set forth in this Agreement and (y) of the requirement that the Third Appraiser select (without compromise) the Determination (defined below), as between the Initial Appraiser's Determination and the Common Fund

Appraiser's Determination, that more accurately reflects the Fair Market Value of such Qualified Venture Property Interest as of the Applicable Date. Within 30 days after the Third Appraiser is so selected or appointed, the Third Appraiser shall perform an MAI appraisal of such Qualified Venture Property Interest and select which of such Determinations more accurately reflects the Fair Market Value of such Qualified Venture Property Interest as of the Applicable Date. Upon making such selection, the Third Appraiser shall deliver such selection to the Common Fund and Boston Properties in writing, and the Determination so selected shall be binding on the parties and constitute the Fair Market Value of such Qualified Venture Property Interest for the purposes of this Article 7. Each of the Common Fund and Boston Properties shall pay the fees and expenses of its own appraiser. The fees and expenses of the Third Appraiser, if any, shall be borne by the losing party to the applicable arbitration. For purposes hereof, "Determination" means, with respect to each Qualified Venture Property Interest to which this Section 7.6 applies, either the Initial Appraiser's Determination with respect thereto or the Common Fund Appraiser's determination with respect thereto.

Section 7.7 Good Faith. Each of Boston Properties and the Common Fund agrees that, in connection with the discharge of its obligations under this Article 7, it shall act in good faith.

ARTICLE 8

MISCELLANEOUS

Section 8.1 Notices. Except as otherwise provided in this Agreement, all notices, demands, requests, consents, approvals and other communications (herein collectively called "notices") that may or must be given hereunder, shall be in writing, shall be deemed to have been properly given when received by the party to whom such notice is addressed (or when such party refuses delivery), and shall be personally delivered or sent by overnight express courier, postage prepaid, addressed to the party to be so notified as follows:

If intended for the Common Fund, to:

Comptroller of the State of New York
as Trustee of the Common Retirement Fund
633 Third Avenue, 31st Floor
New York, New York 10017-6754
Attention: Assistant Deputy Comptroller for
Investments and Cash Management

With a copy to:

Comptroller of the State of New York
as Trustee of the Common Retirement Fund
633 Third Avenue, 31st Floor
New York, New York 10017-6754
Attention: Assistant Counsel

With a copy to:

J.P. Morgan Investment Management
522 Fifth Avenue, 9th Floor
New York, New York 10036
Attention: Daniel Volpano

With a copy to:

J.P. Morgan Investment Management
522 Fifth Avenue, 9th Floor
New York, New York 10036
Attention: Elizabeth Propp

If intended for Boston Properties, to:

Boston Properties Limited Partnership
800 Boylston Street
Boston, Massachusetts 02199-8001
Attention: Douglas T. Linde

With a copy to:

Boston Properties Limited Partnership
800 Boylston Street
Boston, Massachusetts 02199-8001
Attention: General Counsel

and a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Steven R. Astrove, Esq.

Each party, upon not less than five (5) days notice to the other party (given in accordance with this Section), shall each have the right, from time to time during the term of this

Agreement, to designate additional and/or substitute parties and/or address(es) to receive notices on behalf of such party in accordance with this Section.

Section 8.2 No Assignment. Neither this Agreement nor any of the rights of Boston Properties hereunder may be assigned, transferred or encumbered without the Common Fund's prior written consent (which may be withheld in the Common Fund's sole discretion), and any such purported assignment, transfer or encumbrance without the Common Fund's prior written consent shall be void. Neither this Agreement nor any of the rights of the Common Fund hereunder may be assigned, transferred or encumbered without Boston Properties' prior written consent (which may be withheld in Boston Properties' sole discretion), and any such purported assignment, transfer or encumbrance without Boston Properties' prior written consent shall be void.

Section 8.3 Entire Agreement. This Agreement, together with the documents and instruments executed and delivered in connection herewith, set forth the entire agreement between Boston Properties and the Common Fund relating to the transactions contemplated hereby and all other prior agreements, understandings, representations or statements, oral or written, relating directly to the subject matter of this Agreement are superseded hereby.

Section 8.4 Counterparts. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, each of which, when so executed, shall be deemed to be an original and all of which, when taken together, shall be deemed to constitute one and the same instrument.

Section 8.5 Modification; Waiver. This Agreement and the terms hereof may not be changed, waived, modified, supplemented, canceled, discharged or terminated orally, but only by an instrument or instruments in writing executed and delivered by the parties hereto. Neither the failure of either party to exercise any power given such party hereunder or to insist upon strict compliance by the other party with its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

Section 8.6 Attorney's Fees. In the event that either party hereto shall commence litigation against the other in connection herewith, the losing party in such action shall reimburse the attorneys' fees and disbursements of the prevailing party in such action.

Section 8.7 Severability; Construction. If any of the provisions of this Agreement or the application thereof to any person or circumstance shall, to any extent, be or become invalid or unenforceable, the remainder of this Agreement, or the application of such provision or provisions to persons or circumstances other than those as to which it shall be held invalid or unenforceable, shall not be affected thereby; and every provision of this Agreement shall be valid and enforceable to the fullest extent of the law.

Section 8.8 Captions; Usage of Words of Reference; Relationship of the Parties. Captions and Section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement. The words "hereto", "hereby", "herein", "hereunder" and "hereof" shall refer to this Agreement in its entirety, together with any exhibits and schedules attached to this Agreement, and any documents incorporated by reference in this Agreement, unless specifically limited by the provisions in question. As used in this Agreement, the masculine shall include the feminine and neuter, the singular shall include the plural and the plural shall include the singular, as the context may require. The use of the term "including" in this Agreement shall mean in all cases "including but not limited to" unless specifically designated otherwise. No rules of construction against the drafter of this Agreement shall apply in any interpretation or enforcement of this Agreement, any documents or certificates executed pursuant hereto, or any provisions of any of the foregoing. Nothing in this Agreement shall be deemed or construed to have created any joint venture or partnership relationship between Boston Properties and the Common Fund, except as and to the extent provided in Sections 2.2(c) and 3.1(c) above or in any Venture Entity Operating Agreement that is entered into by the parties pursuant to this Agreement.

Section 8.9 No Third Party Beneficiaries. Except as otherwise provided in Article 5 above, the rights granted under this Agreement shall be solely for the benefit of the parties hereto and their successors and permitted assigns, and no third party shall have any claim to any such right or the benefit thereof.

Section 8.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflict of law principles.

Section 8.11 Confidentiality. Each of Boston Properties and the Common Fund agrees that the existence of, the terms and provisions set forth in, and the transactions contemplated by, this Agreement (all of the foregoing, collectively, the "Confidential Information") are, subject to the terms of this Section 8.11, confidential. Each of Boston Properties and the Common Fund further agrees that, from and after the date hereof, it will use reasonable efforts to cause the Confidential Information to be held in strict confidence and not disclosed to any persons other than (i) employees, officers, directors, prospective lenders and agents of such party (including such party's attorneys, advisors, and third party consultants), or (ii) in connection with a Permitted Transaction (as defined below) involving such party, unless and to the extent such disclosure is required by applicable legal requirements, SEC filings, supplemental filings, or judicial process. For purposes hereof, the term "Permitted Transaction" shall mean (i) with respect to the Common Fund, any transaction involving the Common Fund that is not prohibited by Article 2, Article 3 or any other provision of this Agreement, and (ii) with respect to Boston Properties, any transaction involving Boston Properties that is not prohibited by Article 2, Article 3 or any other provision of this Agreement.

Section 8.12 Successors. All of the provisions of this Agreement and of any of the documents and instruments executed in connection herewith shall apply to and be binding upon, and inure to the benefit of the Common Fund and Boston Properties, and their successors and their permitted assigns.

Section 8.13 Non-Imputation Proceeds. If, in connection with the acquisition by a Venture Entity of a Venture Property Interest from a Boston Properties affiliate (or the admission of the Common Fund or a Common Fund Subsidiary into a Venture Entity), such Venture Entity obtains a title insurance policy that contains a Non-Imputation Endorsement (as defined below), then the Common Fund (or the Common Fund Subsidiary that holds an interest in such Venture Entity, as the case may be) shall be entitled to all insurance proceeds payable to such Venture Entity under such policy, to the extent that such proceeds would not have been payable to such Venture Entity in the absence of such Non-Imputation Endorsement. For purposes hereof, a "Non-Imputation Endorsement" shall mean a title policy endorsement that provides (in effect) that the applicable title insurance company will not deny liability to the insured Venture Entity on the grounds that such Venture Entity had knowledge of a matter by reason of knowledge of such matter being imputed to such Venture Entity from Boston Properties or a Boston Properties Subsidiary.

Section 8.14 Further Assurances. Each party, from and after the date hereof, shall execute, acknowledge and/or deliver such other instruments as may reasonably be requested by the other party in order to effectuate the purposes of this Agreement; provided, however, that the foregoing provisions of this Section 8.14 shall not obligate either party to execute, acknowledge or deliver any instrument which would or might impose upon such party any additional liability or obligations.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Agreement has been entered into on the date first above written.

COMPTROLLER OF THE STATE
OF NEW YORK AS TRUSTEE OF THE
COMMON RETIREMENT FUND

By: _____
Name:
Title:

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: _____
Name:
Title:

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Boston Properties, Inc. on Forms S-3 (File Numbers 333-36142, 333-39114, 333-40618, 333-51024, 333-60219, 333-61799, 333-68379, 333-69375, 333-70765, 333-80513, 333-81355, 333-83859, 333-83861, 333-83863, 333-83867, 333-83869, 333-86585, and 333-91425) and on Forms S-8 (File Numbers 333-52845, 333-54550 and 333-70321) of our report dated January 24, 2001 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

March 29, 2001