UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ______________ TO ______________

COMMISSION FILE NUMBER 1-13087

BOSTON PROPERTIES, INC.
(Exact name of Registrant as specified in its Charter)

DELAWARE	04-2473675
(State or other jurisdiction of incorporation or organization)	(IRS Employer Id. Number)
800 BOYLSTON STREET BOSTON, MASSACHUSETTS	02199
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (617) 236-3300

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

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

COMMON STOCK	67,902,034
(CLASS)	(OUTSTANDING ON AUGUST 2, 1999)

BOSTON PROPERTIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 1999
TABLE OF CONTENTS

BOSTON PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
	(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	
ASSETS		
Real estate:	$5,127,469	$4,917,193
Less: accumulated depreciation	(411,705)	(357,384)
Total real estate	4,715,764	4,559,809
Cash and cash equivalents	32,225	12,166
Notes receivable	--	420,143
Escrows	24,082	19,014
Tenant and other receivables, net	53,059	40,830
Accrued rental income, net	72,535	64,251
Deferred charges, net	50,946	46,029
Prepaid expenses and other assets	28,142	26,058
Investments in joint ventures	42,077	46,787
Total assets	$5,018,830	$5,235,087
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$2,799,507	$2,653,581
Notes payable	--	420,143
Unsecured line of credit	142,000	15,000
Accounts payable and accrued expenses	61,860	42,897
Dividends payable	45,559	40,494
Accrued interest payable	7,837	7,307
Other liabilities	22,946	27,950
Total liabilities	3,079,709	3,207,372
Commitments and contingencies	--	--
Minority interests	781,999	1,079,234
Series A Convertible Redeemable Preferred Stock, liquidation preference $50.00 per share, 2,000,000 shares issued and outstanding	100,000	--
Stockholders' equity:		
Excess stock, $.01 par value, 150,000,000 shares authorized, none issued or outstanding	--	--
Common stock, $.01 par value, 250,000,000 shares authorized, 67,893,386 and 63,527,819 issued and outstanding in 1999 and 1998, respectively	678	635
Additional paid-in capital	1,068,016	955,711
Dividends in excess of earnings	(11,572)	(7,865)
Total stockholders' equity	1,057,122	948,481
Total liabilities and stockholders' equity	$5,018,830	$5,235,087

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	SIX MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED AND IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)	
Revenue		
Rental:		
Base rent	$ 309,679	$ 167,075
Recoveries from tenants	34,666	19,362
Parking and other	23,011	2,706
Total rental revenue	367,356	189,143
Development and management services	7,658	6,159
Interest and other	4,266	8,341
Total revenue	379,280	203,643
Expenses		
Operating	117,656	53,933
General and administrative	13,962	10,621
Interest	99,678	48,743
Depreciation and amortization	57,237	29,689
Total expenses	288,533	142,986
Income before minority interests and joint venture income	90,747	60,657
Minority interests in property partnerships	(4,294)	(229)
Income from unconsolidated joint venture	442	--
Income before minority interest in Operating Partnership	86,895	60,428
Minority interest in Operating Partnership	(32,217)	(14,440)
Income before extraordinary item	54,678	45,988
Extraordinary gain, net	--	3,564
Net income before preferred dividend	54,678	49,552
Preferred dividend	(2,521)	--
Net income available to common shareholders	$ 52,157	$ 49,552
Basic earnings per common share:		
Income before extraordinary gain	$ 0.81	$ 0.79
Extraordinary gain, net	--	0.06
Net income available to common shareholders	$ 0.81	$ 0.85
Weighted average number of common shares outstanding	64,539	58,009
Diluted earnings per common share:		
Income before extraordinary gain	$ 0.80	$ 0.79
Extraordinary gain, net	--	0.06
Net income available to common shareholders	$ 0.80	$ 0.85
Weighted average number of common and common equivalent shares outstanding	65,161	58,613

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED JUNE 30, 1999	THREE MONTHS ENDED JUNE 30, 1998
	(UNAUDITED AND IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)	
Revenue		
Rental:		
Base rent	$ 158,070	$ 87,806
Recoveries from tenants	17,252	9,805
Parking and other	12,087	1,595
Total rental revenue	187,409	99,206
Development and management services	3,611	4,383
Interest and other	620	4,452
Total revenue	191,640	108,041
Expenses		
Operating	60,306	27,403
General and administrative	7,352	5,800
Interest	49,219	23,814
Depreciation and amortization	29,443	16,594
Total expenses	146,320	73,611
Income before minority interests and joint venture income	45,320	34,430
Minority interests in property partnership	(139)	(106)
Income from unconsolidated joint venture	229	--
Income before minority interest in Operating Partnership	45,410	34,324
Minority interest in Operating Partnership	(16,505)	(7,967)
Income before extraordinary item	28,905	26,357
Extraordinary gain, net	--	3,564
Net income before preferred dividend	28,905	29,921
Preferred dividend	(1,682)	--
Net income available to common shareholders	$ 27,223	$ 29,921
Basic earnings per common share:		
Income before extraordinary gain	$ 0.42	$ 0.42
Extraordinary gain, net	--	0.06
Net income available to common shareholders	$ 0.42	$ 0.48
Weighted average number of common shares outstanding	65,534	61,694
Diluted earnings per common share:		
Income before extraordinary gain	$ 0.41	$ 0.42
Extraordinary gain, net	--	0.06
Net income available to common shareholders	$ 0.41	$ 0.48
Weighted average number of common and common equivalent shares outstanding	66,337	62,284

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE SIX MONTHS ENDED	
	JUNE 30, 1999	JUNE 30, 1998
Cash flows from operating activities:		
Net income before preferred dividend	$ 54,678	$ 49,552
Adjustments to reconcile net income before preferred dividend to net cash provided by operating activities:		
Depreciation and amortization	57,237	29,689
Non-cash portion of interest expense	(1,037)	211
Extraordinary gain on early debt extinguishment	--	(4,641)
Income from investment in unconsolidated joint venture	(442)	--
Minority interests	29,329	15,518
Change in assets and liabilities:		
Escrows	(5,068)	(3,655)
Tenant and other receivables, net	(12,229)	(309)
Accrued rental income	(8,284)	(7,583)
Prepaid expenses and other assets	(2,084)	(2,696)
Accounts payable and accrued expenses	18,122	38,298
Accrued interest payable	530	(3,305)
Other liabilities	(5,004)	5,753
Total adjustments	71,070	67,280
Net cash provided by operating activities	125,748	116,832
Cash flows from investing activities:		
Acquisitions/additions to real estate	(178,216)	(543,430)
Tenant leasing costs	(7,299)	(6,087)
Investments in joint ventures	5,152	(4,531)
Net cash used in investing activities	(180,363)	(554,048)
Cash flows from financing activities:		
Net proceeds from sales of common and preferred stock	241,003	765,563
Payment of other offering costs	(51)	--
Borrowings on unsecured line of credit	387,000	--
Repayment of unsecured line of credit	(260,000)	(233,000)
Repayments of mortgage notes	(15,973)	(146,968)
Proceeds from mortgage notes	136,000	197,800
Repayment of notes payable	(328,143)	--
Dividends and distributions	(83,799)	(54,777)
Proceeds from exercise of stock options	566	--
Deferred financing and other costs	(1,929)	--
Net cash provided by financing activities	74,674	528,618
Net increase in cash	20,059	91,402
Cash and cash equivalents, beginning of period	12,166	17,560
Cash and cash equivalents, end of period	$ 32,225	$ 108,962
Supplemental disclosures:		
Cash paid for interest	$ 106,906	$ 50,930
Interest capitalized	$ 6,721	$ 1,986
Non-cash activities:		
Operating activity:		
Non-cash portion of interest expense	$ (1,037)	$ 211
Additions to real estate included in accounts payable	$ 841	$ --
Investing and Financing activities:		
Mortgage notes payable assumed in connection with acquisitions	$ 28,331	$ 118,251
Issuance of minority interest in connection with acquisitions	$ 2,888	$ 153,438
Dividends and distributions declared but not paid	$ 45,559	$ --
Notes receivable assigned in connection with an acquistion	$ 420,143	$ --
Notes payable assigned in connection with an acquisition	$ (92,000)	$ --

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

1. ORGANIZATION

Boston Properties, Inc. (the "Company"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). Boston Properties, Inc. is the sole general partner of Boston Properties Limited Partnership (the "Operating Partnership") and at June 30, 1999, owned an approximate 67.35% general and limited partnership interest in the Operating Partnership. Partnership interests in the Operating Partnership are denominated as "common units of partnership interest" (also referred to as "OP Units") or "preferred units of partnership interest" (also referred to as "Preferred Units"). All references to OP Units and Preferred Units exclude such units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit for cash equal to the then value of a share of common stock, except that, the Company may, at its election, in lieu of a cash redemption, acquire such OP Unit for one share of common stock of the Company ("Common Stock"). Because the number of shares of Common Stock outstanding at all times equals the number of OP Units that the Company owns, one share of Common Stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of Common Stock. Each series of Preferred Units bear a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be convertible into OP Units at the election of the holder thereof or the Company.

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

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

As of June 30, 1999, the Company and the Operating Partnership had 67,893,386 and 23,816,811 shares of Common Stock and OP Units outstanding, respectively. In addition, the Company had 2,000,000 shares of Preferred Stock outstanding and the Operating Partnership had 8,713,131 Preferred Units outstanding.

THE PROPERTIES:

The Company owns a portfolio of 127 commercial real estate properties (121 and 108 properties at December 31, 1998 and June 30, 1998, respectively) (the "Properties") aggregating over 33.4 million square feet. The properties consist of 114 office properties with approximately 25.4 million net rentable

1. ORGANIZATION (CONTINUED)

square feet (including eight properties under development expected to contain approximately 2.3 million net rentable square feet) and approximately 5.9 million additional square feet of structured parking for 16,726 vehicles, nine industrial properties with approximately 925,000 net rentable square feet, three hotels with a total of 1,054 rooms (consisting of approximately 938,000 square feet), and a parking garage with 1,170 spaces (consisting of approximately 330,000 square feet). In addition, the Company owns, has under contract, or has an option to acquire 47 parcels of land totaling 478.4 acres, which will support approximately 10.6 million square feet of development.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company include all the accounts of the Company, its majority-owned Operating Partnership and subsidiaries. The financial statements reflect the properties acquired at their historical basis of accounting to the extent of the acquisition of interests from the Predecessor's owners who continued as investors. The remaining interests acquired for cash from those owners of the Predecessor who decided to sell their interests have been accounted for as a purchase and the excess of the purchase price over the related historical cost basis was allocated to real estate. All significant intercompany balances and transactions have been eliminated. These financial statements should be read in conjunction with the Company's financial statements and notes thereto contained in the Company's annual report on Form 10-K for its fiscal year ended December 31, 1998.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year.

3. REAL ESTATE ACQUIRED AND PLACED IN SERVICE DURING THE QUARTER ENDED JUNE 30, 1999

On April 30, 1999, the Company acquired 510 Carnegie Center, a 234,160 square-foot, Class A office building located in Princeton, New Jersey for approximately $48.0 million. This property is part of the Carnegie Center Portfolio. The acquisition was funded through the assumption of debt of approximately $28.4 million, the issuance of 57,778 Series One Preferred Units valued at approximately $2.0 million and cash of approximately $17.6 million.

On May 1, 1999, the Company placed in service the Arboretum, a 95,584 square-foot, Class A office building located in Reston, Virginia developed at a total cost of approximately $13.7 million.

On May 1, 1999, the Company placed in service 200 West Street, a 248,341 square-foot, Class A office building located in Waltham, Massachusetts developed at a total cost of approximately $40.0 million.

(UNAUDITED AND IN THOUSANDS)

3. REAL ESTATE ACQUIRED AND PLACED IN SERVICE DURING THE QUARTER ENDED JUNE 30, 1999 (CONTINUED)

On May 17, 1999, the Company acquired, for cash of approximately $3.6 million, parcels of land located in Loudon, Virginia that are currently under development and will support two Class A office buildings containing approximately 185,000 square feet.

On May 24, 1999, the Company placed in service Eight Cambridge Center, a 177,226 square-foot, Class A office building located in Cambridge, Massachusetts developed at a total cost of approximately $23.8 million.

On May 24, 1999, the Company acquired the remaining 50% interest in the development rights associated with 111 Huntington Avenue at the Prudential Center in Boston, Massachusetts for approximately $12.3 million, which was funded through the issuance of 343,077 shares of the Company's Common Stock valued at $12.3 million. 111 Huntington Avenue will consist of an 890,000 square-foot, Class A office building, for which construction commenced on April 27, 1999.

4. INVESTMENTS IN JOINT VENTURES

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

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

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
Real estate and development in progress	$ 219,100	$ 172,417
Other assets	10,586	10,032
Total assets	$ 229,686	$ 182,449
LIABILITIES AND PARTNERS EQUITY		
Construction loans payable	$ 119,426	$ 55,638
Other liabilities	14,173	20,595
Total liabilities	133,599	76,233
Partners' equity	96,087	106,216
Total liabilities and partners' equity	$ 229,686	$ 182,449
Company's Share of Equity	$ 42,077	$ 46,787

(UNAUDITED AND IN THOUSANDS)

4. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The summarized statements of operations consist of One and Two Reston Overlook, the joint venture placed in service during the first quarter of 1999:

	THREE MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1999
	(UNAUDITED)	(UNAUDITED)
Total revenue	$ 2,647	$ 4,438
Total expenses	1,723	2,662
Net income	$ 924	$ 1,776
Company's Share of Net Income	$ 229	$ 442

5. MINORITY INTERESTS

Minority interests in the Company relate to the interest in the Operating Partnership not owned by Boston Properties, Inc. and interests in property partnerships that are not owned by the Company. As of June 30, 1999, the minority interest in the Operating Partnership consisted of 23,816,811 OP Units and 8,713,131 Preferred Units held by parties other than Boston Properties, Inc.

On April 30, 1999, the Operating Partnership issued 57,778 Series One Preferred Units in connection with the acquisition of 510 Carnegie Center.

On May 17, 1999, the Operating Partnership paid a distribution on the 2,500,000 Series One Preferred Units of $0.61625 per unit, based on an annual distribution of $2.465 per unit and paid a distribution on the 6,213,131 units of Series Two and Three Preferred Units of $0.64795 per unit.

On June 21, 1999, Boston Properties, Inc., as general partner of the Operating Partnership, determined a distribution on the OP Units in the amount of $0.425 per OP Unit payable on July 28, 1999 to OP Unit holders of record on June 30, 1999.

6. REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY

On May 17, 1999, the Company paid a dividend on the 2,000,000 shares of Series A Convertible Redeemable Preferred Stock (the "Preferred Stock"), $50 liquidation preference per share, of approximately $0.64795 per share. In addition, on June 21, 1999, the Board of Directors of the Company declared a dividend of $0.68562 per share on the Preferred Stock payable on August 16, 1999 to shareholders of record on June 30, 1999. The Preferred Stock is not classified as equity as the shares may be redeemed for cash at the election of the holder at various dates commencing on May 12, 2009.

On May 24, 1999, the Company issued 343,077 shares of Common Stock in connection with its acquisition of the remaining 50% interest in the development rights associated with 111 Huntington Avenue at the Prudential Center.

On May 25, 1999, the Company completed an offering of 4,000,000 shares of Common Stock at a price per share of $37.25. The proceeds to the Company, net of underwriter's discount and offering costs was approximately $141.0 million.

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

On June 21, 1999, the Board of Directors of the Company declared a second quarter dividend in the amount of $0.425 per share of Common Stock payable on July 28, 1999 to shareholders of record on June 30, 1999.

7. EARNINGS PER SHARE

	FOR THE QUARTER ENDED JUNE 30, 1999		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Basic Earnings:			
Income available to common shareholders	$ 27,223	65,534	$ 0.42
Effect of Dilutive Securities:			
Stock Options	--	803	(.01)
Diluted Earnings:			
Net income available to common shareholders	$ 27,223	66,337	$ 0.41

	FOR THE SIX MONTHS ENDED JUNE 30, 1999		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Basic Earnings:			
Income available to common shareholders	$ 52,157	64,539	$ 0.81
Effect of Dilutive Securities:			
Stock Options	--	622	(.01)
Diluted Earnings:			
Net income available to common shareholders	$ 52,157	65,161	$ 0.80

	FOR THE QUARTER ENDED JUNE 30, 1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Basic Earnings:			
Income available to common shareholders	$ 29,921	61,694	$ 0.48
Effect of Dilutive Securities:			
Stock Options	--	590	--
Diluted Earnings:			
Net Income available to common shareholders	$ 29,921	62,284	$ 0.48

7. EARNINGS PER SHARE (CONTINUED)

	FOR THE SIX MONTHS ENDED JUNE 30, 1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Basic Earnings:			
Income available to common shareholders............	$ 49,552	58,009	$ 0.85
Effect of Dilutive Securities:			
Stock Options......................................	--	604	--
Diluted Earnings:			
Net Income available to common shareholders........	$ 49,552	58,613	$ 0.85

8. STOCK OPTION AND INCENTIVE PLAN

During the quarter ended June 30, 1999, the Company issued 35,000 options at a weighted average price of $35.64 per share. The options vest over a three-year period, with 1/3 of the options vesting each year. As of June 30, 1999, the Company has outstanding options with respect to 7,487,293 common shares and an additional 2,242,849 common shares reserved for issuance under the Company's stock option and incentive plan.

9. SEGMENT INFORMATION

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

Asset information by segment is not reported, since the Company does not use this measure to assess performance: therefore, the depreciation and amortization expenses are not allocated among segments. Interest income, management and development services, interest expense and general and administrative expenses are not included in net operating income, as the internal reporting addresses these on a corporate level.

(UNAUDITED AND IN THOUSANDS)

9. SEGMENT INFORMATION (CONTINUED)

INFORMATION BY GEOGRAPHIC AREA AND PROPERTY TYPE:

For the six months ended June 30, 1999:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
Rental Revenue						
Class A	$ 75,277	$ 99,758	$ 68,134	$ 74,837	$ 19,008	$ 337,014
R&D	3,166	9,098	--	835	--	13,099
Industrial	819	701	--	618	354	2,492
Hotels	13,700	--	--	--	--	13,700
Garage	1,051	--	--	--	--	1,051
Total	94,013	109,557	68,134	76,290	19,362	367,356
% of Grand Totals	25.59%	29.82%	18.55%	20.77%	5.27%	100.00%
Rental Expenses						
Class A	$ 29,969	$ 26,125	$ 23,020	$ 26,711	$ 5,427	$ 111,252
R&D	949	1,789	--	202	--	2,940
Industrial	266	215	--	122	63	666
Hotels	2,395	--	--	--	--	2,395
Garage	403	--	--	--	--	403
Total	33,982	28,129	23,020	27,035	5,490	117,656
% of Grand Totals	28.87%	23.91%	19.57%	22.98%	4.67%	100.00%
Net Operating Income	$ 60,031	$ 81,428	$ 45,114	$ 49,255	$ 13,872	$ 249,700
% of Grand Totals	24.04%	32.60%	18.07%	19.73%	5.56%	100.00%

(UNAUDITED AND IN THOUSANDS)

9. SEGMENT INFORMATION (CONTINUED)

For the six months ended June 30, 1998:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
Rental Revenue						
Class A	$ 23,686	$ 75,100	$ 63,584	$ --	$ 98	$ 162,468
R&D	2,988	7,944	--	701	--	11,633
Industrial	806	718	--	649	393	2,566
Hotels	11,585	--	--	--	--	11,585
Garage	891	--	--	--	--	891
Total	39,956	83,762	63,584	1,350	491	189,143
% of Grand Totals	21.12%	44.28%	33.62%	0.71%	0.27%	100.00%
Rental Expenses						
Class A	$ 7,881	$ 18,806	$ 21,956	$ --	$ 31	$ 48,674
R&D	920	1,694	--	243	--	2,857
Industrial	282	158	--	158	23	621
Hotels	1,531	--	--	--	--	1,531
Garage	250	--	--	--	--	250
Total	10,864	20,658	21,956	401	54	53,933
% of Grand Totals	20.14%	38.30%	40.72%	0.74%	0.10%	100.00%
Net Operating Income	$ 29,092	$ 63,104	$ 41,628	$ 949	$ 437	$ 135,210
% of Grand Totals	21.52%	46.67%	30.79%	0.70%	0.32%	100.00%

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

	SIX MONTHS ENDED JUNE 30, 1999	1998
Net Operating Income	$ 249,700	$ 135,210
Add:		
Development and management services	7,658	6,159
Interest and other	4,266	8,341
Less:		
General and administrative	(13,962)	(10,621)
Interest expense	(99,678)	(48,743)
Depreciation and amortization	(57,237)	(29,689)
Income before minority interests and joint venture income	$ 90,747	$ 60,657

(UNAUDITED AND IN THOUSANDS)

9. SEGMENT INFORMATION (CONTINUED)

INFORMATION BY GEOGRAPHIC AREA AND PROPERTY TYPE:

For the three months ended June 30, 1999:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
Rental Revenue						
Class A	$ 38,322	$ 50,827	$ 33,943	$ 37,644	$ 9,551	$ 170,287
R&D	1,483	4,565	--	386	--	6,434
Industrial	413	378	--	344	174	1,309
Hotels	8,849	--	--	--	--	8,849
Garage	530	--	--	--	--	530
Total	49,597	55,770	33,943	38,374	9,725	187,409
% of Grand Totals	26.46%	29.76%	18.11%	20.48%	5.19%	100.00%
Rental Expenses						
Class A	$ 14,816	$ 13,486	$ 11,719	$ 14,084	$ 2,904	$ 57,009
R&D	421	819	--	114	--	1,354
Industrial	124	127	--	72	35	358
Hotels	1,371	--	--	--	--	1,371
Garage	214	--	--	--	--	214
Total	16,946	14,432	11,719	14,270	2,939	60,306
% of Grand Totals	28.11%	23.93%	19.43%	23.66%	4.87%	100.00%
Net Operating Income	$ 32,651	$ 41,338	$ 22,224	$ 24,104	$ 6,786	$ 127,103
% of Grand Totals	25.69%	32.52%	17.49%	18.96%	5.34%	100.00%

(UNAUDITED AND IN THOUSANDS)

9. SEGMENT INFORMATION (CONTINUED)

For the three months ended June 30, 1998:

	GREATER BOSTON	GREATER WASHINGTON DC	MIDTOWN MANHATTAN	GREATER SAN FRANCISCO	NEW JERSEY AND PENNSYLVANIA	TOTAL
Rental Revenue						
Class A	$ 12,021	$ 39,853	$ 31,898	$ --	$ 98	$ 83,870
R&D	1,349	4,215	--	386	--	5,950
Industrial	398	372	--	345	191	1,306
Hotels	7,630	--	--	--	--	7,630
Garage	450	--	--	--	--	450
Total	21,848	44,440	31,898	731	289	99,206
% of Grand Totals	22.02%	44.80%	32.14%	0.74%	0.30%	100.00%
Rental Expenses						
Class A	$ 3,840	$ 9,878	$ 10,782	$ --	$ 31	$ 24,531
R&D	390	1,022	--	153	--	1,565
Industrial	132	75	--	78	23	308
Hotels	873	--	--	--	--	873
Garage	126	--	--	--	--	126
Total	5,361	10,975	10,782	231	54	27,403
% of Grand Totals	19.56%	40.05%	39.35%	0.84%	0.20%	100.00%
Net Operating Income	$ 16,487	$ 33,465	$ 21,116	$ 500	$ 235	$ 71,803
% of Grand Totals	22.96%	46.60%	29.41%	0.70%	0.33%	100.00%

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

	THREE MONTHS ENDED JUNE 30, 1999	1998
Net Operating Income	$ 127,103	$ 71,803
Add:		
Development and management services	3,611	4,383
Interest income	620	4,452
Less:		
General and administrative	(7,352)	(5,800)
Interest expense	(49,219)	(23,814)
Depreciation and amortization	(29,443)	(16,594)
Income before minority interests and joint venture income	$ 45,320	$ 34,430

10. UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The accompanying unaudited pro forma information for the six months ended June 30, 1999 and 1998 are presented as if the following real estate acquisitions had occurred on January 1, 1998: Riverfront Plaza, the Mulligan/Griffin Portfolio, the Carnegie Center portfolio, Metropolitan Square, The Prudential Center, University Place, Reservoir Place and Embarcadero Center. This pro forma information is based upon the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and the notes thereto.

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

	SIX MONTHS ENDED 6/30/99 (PRO FORMA)	SIX MONTHS ENDED 6/30/98 (PRO FORMA)
	(UNAUDITED AND IN THOUSANDS, EXCEPT PER SHARE DATA)	
Total revenue	$ 379,280	$ 357,976
Net income available to common shareholders	$ 54,292	$ 52,755
Net income per share available to common shareholders-basic	$ 0.84	$ 0.83
Common shares outstanding--basic	64,539	63,370
Net income per share available to common shareholders--diluted	$ 0.83	$ 0.82
Common shares outstanding--diluted	65,161	63,974

11. SUBSEQUENT EVENTS

On July 9, 1999, the Company acquired 206 Carnegie Center, a 161,763 square foot, Class A office property in Princeton, New Jersey for approximately $27.0 million in cash.

On July 15, 1999, the Company obtained mortgage financing totaling $29.0 million secured by Eight Cambridge Center in Waltham, Massachusetts. Such financing bears interest at a rate of 7.73% and matures in July 2010.

On July 20, 1999, the Company obtained mortgage financing totaling $26.0 million secured by University Place in Cambridge, Massachusetts. Such financing bears interest at a rate of 6.94% and matures in August 2021.

ITEM 2--MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results or developments could differ materially from those projected in such statements as a result of certain factors set forth in the section below entitled "Certain Factors Affecting Future Operating Results" and elsewhere in this report.

RESULTS OF OPERATIONS

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 1999 TO THE SIX MONTHS ENDED JUNE 30, 1998.

Rental revenue increased $178.2 million or 94.2% to $367.4 million from $189.1 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998. The increase is primarily due to rental revenue earned totaling approximately $170.2 million on the operations of properties acquired and placed in service since June 30, 1998.

Development and Management Services revenue increased $1.5 million or 24.3% to $7.7 million from $6.2 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998. The increase is due to new contracts earning fees during the first six months of 1999.

Interest and other revenue decreased $4.1 million or 48.9% to $4.3 million from $8.3 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998. The decrease is the result of interest earned during the six months ended June 30, 1998 related to the proceeds from a follow-on public offering of Common Stock in January 1998.

Operating expenses increased $63.7 million or 118.2% to $117.7 million from $53.9 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998. This is primarily a result of approximately $59.9 million of expenses related to the operations of properties acquired and placed in service since June 30, 1998.

General and Administrative expenses increased $3.3 million or 31.5% to $14.0 million from $10.6 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998 as a result payroll and other related costs of new employees hired in Boston, Washington, D.C., New York and San Francisco to support the operations of additional properties acquired and placed in service since June 30, 1998.

Interest expense increased $50.9 million or 104.5% to $99.7 million from $48.7 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998 as a result of interest expense of approximately $47.3 million on debt related to the properties acquired subsequent to June 30, 1998.

Depreciation and Amortization expense increased $27.5 million or 92.8% to $57.2 million from $29.7 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998. This was primarily attributed to approximately $24.2 million of depreciation expense related to the operations of properties acquired subsequent to June 30, 1998.

As a result of the foregoing, income before minority interest in the Operating Partnership increased $26.5 million to $86.9 million from $60.4 million for the six months ended June 30, 1999 compared to the six months ended June 30, 1998.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 1999 TO THE THREE MONTHS ENDED JUNE 30, 1998.

Rental revenue increased $88.2 million or 88.9% to $187.4 million from $99.2 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998. The increase is primarily due to rental revenue earned totaling approximately $86.1 million on the operations of properties acquired and placed in service since June 30, 1998.

Development and Management Services revenue decreased $0.8 million or 17.6% to $3.6 million from $4.4 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998. The decrease is primarily the result of a leasing commission of approximately $2.1 million earned on third party managed properties during the three months ended June 30, 1998, offset by increases in new contracts earning fees during the three months ended June 30, 1999.

Interest and Other revenue decreased $3.8 million or 86.1% to $0.6 million from $4.5 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998. The decrease is the result of interest earned during the three months ended June 30, 1998 related to the proceeds from the follow-on offering of Common Stock in January 1998.

Operating expenses increased $32.9 million or 120.1% to $60.3 million from $27.4 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998. This is primarily a result of approximately $31.6 million of expenses related to the operations of properties acquired and placed in service since June 30, 1998.

General and Administrative expenses increased $1.6 million or 26.8% to $7.4 million from $5.8 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998 as a result payroll and other related costs of new employees hired in Boston, Washington, D.C., New York and San Francisco to support the operations of additional properties acquired and placed in service since June 30, 1998.

Interest expense increased $25.4 million or 106.7% to $49.2 million from $23.8 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998 as a result of interest expense of approximately $22.3 million on debt related to the properties acquired subsequent to June 30, 1998.

Depreciation and Amortization expense increased $12.8 million or 77.4% to $29.4 million from $16.6 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998. This was primarily attributed to approximately $11.5 million of depreciation expense related to the operations of properties acquired subsequent to June 30, 1998.

As a result of the foregoing, income before minority interest in the Operating Partnership increased $11.1 million to $45.4 million from $34.3 million for the three months ended June 30, 1999 compared to the three months ended June 30, 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated indebtedness at June 30, 1999 was approximately $2.9 billion at a weighted average interest rate of 6.98%. Based on the Company's total market capitalization at June 30, 1999 of approximately $6.7 billion, the Company's consolidated debt represents 43.9% of its total market capitalization.

The Company has a $500 million unsecured revolving line of credit (the "Unsecured Line of Credit") with BankBoston, N.A., as agent, that expires in June 2000. The Company uses the Unsecured Line of Credit principally to facilitate its development and acquisition activities and for working capital purposes. As of July 30, 1999, the Company had $142.0 million outstanding under the Unsecured Line of Credit.

The following represents the outstanding principal balances due under the first mortgages at June 30, 1999:

PROPERTIES	INTEREST RATE	PRINCIPAL AMOUNT (IN THOUSANDS)	MATURITY DATE
Prudential Center	6.72%	$ 297,003	July 1, 2008
599 Lexington Avenue	7.00%	225,000(1)	July 19, 2005
280 Park Avenue	7.00%	220,000(2)	September 11, 2002
Embarcadero Center One	6.70%	159,154	December 10, 2008
Embarcadero Center Two	6.70%	159,154	December 10, 2008
Embarcadero Center Four	6.79%	158,742	February 1, 2008
875 Third Ave	8.00%	153,390(3)	December 31, 2002
Embarcadero Center Three	6.40%	149,159	January 1, 2007
Riverfront Plaza	6.61%	118,959	January 21, 2008
Two Independence Square	8.09%	118,916(4)	February 27, 2003
Democracy Center	7.05%	109,771	April 9, 2009
Metropolitan Square	6.80%	106,272(5)	June 1, 2000
Embarcadero Center West Tower	6.50%	99,450	January 1, 2006
100 East Pratt Street	6.73%	93,962	November 1, 2008
Reservoir Place	6.88%	76,435(6)	November 1, 2006
One Independence Square	8.12%	75,992(4)	August 21, 2001
2300 N Street	6.88%	66,000	August 3, 2003
Capital Gallery	8.24%	58,608	August 15, 2006
Ten Cambridge Center and North Garage	7.57%	40,000	March 29, 2000
10 and 20 Burlington Mall Road	8.33%	37,000(7)	October 1, 2001
510 Carnegie Center	7.39%	28,331	January 1, 2008
Lockheed Martin Building	6.61%	27,013	June 1, 2008
Reston Corporate Center	6.56%	25,502	May 1, 2008
1301 New York Avenue	6.70%	24,886	August 15, 2009
191 Spring Street	8.50%	23,288	September 1, 2006
Bedford Business Park	8.50%	22,445	December 10, 2008
NIMA Building	6.51%	22,095	June 1, 2008
212 Carnegie Center	7.25%	20,756	December 31, 2000
Sumner Square	6.44%	20,000	April 22, 2004
202 Carnegie Center	7.25%	19,325	December 31, 2000
214 Carnegie Center	8.19%	13,538(8)	October 31, 2000
101 Carnegie Center	7.66%	8,758	April 1, 2006
Montvale Center	8.59%	7,745	December 1, 2006
Newport Office Park	8.13%	6,341	July 1, 2001
Hilltop Business Center	6.81%	5,976	March 1, 2019
201 Carnegie Center	7.08%	541	February 1, 2010
Total		$ 2,799,507	

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

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

(3) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at June 30, 1999 was $150,000 and the interest rate was 8.75%.

(4) The principal amount and interest rate shown has been adjusted to reflect the effective rates on the loans. The actual principal balances at June 30, 1999 were $119,094 and $75,938, respectively. The actual interest rates are 8.50% and continue at such rates through the loan expiration.

(5) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at June 30, 1999 was $104,040 and interest rate was 9.13%.

(6) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The actual principal balance at June 30, 1999 was $66,444 and the interest rate was 9.09%.

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

(8) The principal amount and interest rate shown has been adjusted to reflect the effective rate on the loan. The actual principal balance at June 30, 1999 was $13,515 and the interest rate was 9.13%.

The Company expects to meet its short-term liquidity requirements generally through its existing working capital and net cash provided by operations. The Company's operating properties and hotels require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. For the three months ended June 30, 1999, the Company's recurring capital expenditures totaled $2.6 million.

The Company expects to meet its long-term requirements for the funding of property development, property acquisitions and other non-recurring capital improvements through long-term secured and unsecured indebtedness (including the Unsecured Line of Credit) and the issuance of additional equity securities of the Company. During the quarter ended June 30, 1999, the Company received $20.0 million of mortgage financing secured by Sumner Square.

The Company has development projects currently in process, which require commitments to fund to completion. Commitments under these arrangements totaled $493.3 million as of June 30, 1999. The Company expects to fund these commitments using available cash, construction loans and the Unsecured Line of Credit. In addition, the Company has options to acquire land that require minimum deposits that the Company will fund using available cash and the Unsecured Line of Credit.

FUNDS FROM OPERATIONS

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

The following table presents the Company's Funds from Operations for the three months ended June 30, 1999 and 1998:

	THREE MONTHS ENDED JUNE 30, 1999	THREE MONTHS ENDED JUNE 30, 1998
Income before minority interests	$ 45,320	$ 34,430
Add:		
Real estate depreciation and amortization	29,238	16,415
Income from unconsolidated joint venture	229	--
Less:		
Minority property partnership's share of Funds from Operations	(128)	(138)
Preferred dividends and distributions	(8,293)	--
Funds from Operations	$ 66,366	$ 50,707
Company's share	$ 48,673	$ 38,938

Reconciliation to Diluted Funds from Operations:

	FOR THE THREE MONTHS ENDED JUNE 30, 1999		FOR THE THREE MONTHS ENDED JUNE 30, 1998	
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	INCOME (NUMERATOR)	SHARES (DENOMINATOR)
Funds from Operations	$ 66,366	89,352	$ 50,707	80,344
Effect of Dilutive Securities				
Convertible Preferred Units	6,611	10,364	--	--
Convertible Preferred Stock	1,682	2,625	--	--
Stock options	--	806	--	590
Diluted Funds from Operations	$ 74,659	103,147	$ 50,707	80,934
Company's share of Diluted Funds from Operations (76.91% and 76.96%, respectively)	$ 57,419	79,329	$ 38,938	62,284

CERTAIN FACTORS AFFECTING FUTURE OPERATING RESULTS

This Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding the Company's business, strategies, revenues, expenditures and operating and capital requirements. The words "believe," "expect," "anticipate," "intend," "estimate," "assume," and other similar expressions which are predictions of or indicate future events and trends and which do not relate solely to historical matters identify forward-looking statements. Caution should be exercised in interpreting such forward-looking statements, and undue reliance should not be placed on such statements, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the control of the Company and may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and they may be incapable of being realized. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements made in this report: default under or non-renewal of leases by tenants, increased interest rates and operating costs, failure to obtain necessary outside financing, difficulties in identifying properties to acquire and completing acquisitions, failure to successfully integrate acquired properties into the Company's operations, risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities), failure to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended, environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws and increases in real property tax rates. The Company's success also generally depends upon national and regional economic trends. The Company assumes no obligation to update forward-looking statements.

INFLATION

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

YEAR 2000 COMPLIANCE

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

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

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

Phase I targeted the discovery of issues, an inventory of all building and internal systems, and an initial assessment of risks. Correspondence has been sent to vendors, including equipment manufacturers, service providers, maintenance and utility companies, requesting letters regarding Year 2000 compliance for specific systems. To date responses have been received from over 98% of the vendors with the remaining responses due mostly from vendors doing business with the Company's most recently acquired properties.

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

Phase II began in September 1998 and was largely completed in June 1999. It consisted of the following:

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

- Remediation of identified compliance problems by June 30, 1999

- Testing of building systems

The Year 2000 project team adopted a test protocol and procedure. Property managers, working with service vendors, conducted tests of building systems. As of June 30, 1999, successful tests have been carried out and documented for critical building systems at every property in the portfolio.

As a result of the above activities, the Company found building-card access, energy management and garage access systems to commonly require remediation. The Company has four exceptions to its objective to complete all remediation work for building systems by June 30, 1999. The replacement of energy management and card access systems at Embarcadero Center in San Francisco is scheduled to be completed in October 1999 while the replacement of energy management systems at the Candler building in Baltimore, Maryland and Riverfront Plaza in Richmond, Virginia is scheduled to be completed in July 1999 and October 1999, respectively.

Recent upgrades to desktop computers and internal networks throughout the organization combined with the replacement of the electronic mail and the accounting systems during 1998 has addressed Year 2000 compliance issues with core operating systems. The Company will conduct an organized test of several internal systems and components in September 1999 to validate vendor certifications. The Information Systems Department of the Company continues the upgrade of work order processing software at several properties and is scheduled to complete all work by the end of the September 1999. In addition, the Information Systems Department continues to take action on any Year 2000 notices or updates provided by its hardware and software vendors.

Phase III began in July 1999 and will prepare a contingency plan for each property in the portfolio. A standard planning document is being used across the portfolio. The Company is assessing the security and support requirements of tenants for the night and weekend of December 31, 1999 and the required on-site staffing presence of Company personnel. Most systems supporting the operation of a building can revert to manual operation if necessary.

The Company has instituted a no-vacation policy for all personnel deemed critical to the operation of each building including management and engineering staff. The Company plans to have a staff presence at every property in its portfolio on the night and weekend of December 31st.

The Company is also hosting Year 2000 information sessions for its tenants in several locations that include presentations by representatives of the Company and outside utilities such as Con Edison in New York, Boston Edison and Bell Atlantic.

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

The total costs associated with the Year 2000 issue are not expected to be material to the Company's financial position. The estimated cost of remediation efforts is approximately $1.2 million which excludes costs for all internal personnel working on the project. To date, the Company has incurred approximately $0.9 million of these costs. In most cases, the upgrade of non-compliant systems will represent an acceleration of a planned replacement date.

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

ITEM 3--QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. The primary market risk facing the Company is mortgage debt, which bears interest at fixed rates, and therefore, the fair value of these instruments is affected by changes in the market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted average interest rates by expected maturity dates for the fixed rate debt. The interest rate of the variable rate debt as of June 30, 1999 was LIBOR plus 1.00%.

	MORTGAGE DEBT, INCLUDING CURRENT PORTION							
	1999	2000	2001	2002	2003	THEREAFTER	TOTAL	FAIR VALUE
Fixed Rate.........	$ 33,186	121,460	154,384	385,234	217,056	1,881,187	$ 2,792,507	$ 2,792,507
Average Interest Rate.............	7.1%	7.1%	7.9%	7.4%	7.5%	6.8%		
Variable Rate......	--	--	--	$ 7,000	--	--	$ 7,000	$ 7,000

PART II. OTHER INFORMATION

ITEM 2--CHANGES IN SECURITIES

On April 30, 1999, the Company acquired 510 Carnegie Center for consideration that included the issuance of 57,778 Series One Preferred Units. Such Preferred Units were issued to accredited investors in a transaction that was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of such Act.

On May 24, 1999, the Company acquired the remaining 50% interest in the development rights of 111 Huntington Avenue at the Prudential Center for consideration that included 343,077 shares of Common Stock. Such Common Stock was issued to accredited investors in a transaction that was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of such Act.

ITEM 4--SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of stockholders on May 5, 1999. The stockholders voted to elect Alan J. Patricof and Martin Turchin as a Class II Directors of the Company to serve until 2002. 51,609,204 and 51,612,373 votes were cast for the elections of Mr. Patricof and Mr. Turchin, respectively and 199,543 and 196,374 votes were cast against. Mortimer B. Zuckerman will continue to serve as Class I Director until his present term expires in 2001 and his successor is duly elected. Edward H. Linde and Ivan G. Seidenberg will continue as Class III Directors until their present terms expire in 2000 and their successors are duly elected.

The Stockholders also voted to ratify the Board of Directors' selection of PricewaterhouseCoopers LLP as the Company's independent auditors for the fiscal year ending December 31, 1999. 51,764,213 votes were cast for, 28,168 votes were cast against, and 16,366 votes abstained from this proposal.

ITEM 6--EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER	DESCRIPTION
27.1	Financial Data Schedule

(b) Reports on Form 8-K

A Form 8-K dated April 27, 1999 was filed with the Securities and Exchange Commission to report under Item 5 of such report the information presented to investors and analysts and the Company's press release for the quarter ended March 31, 1999.

A Form 8-K dated May 25, 1999 was filed with the Securities and Exchange Commission to report under Item 5 of such report that the Company had completed an offering of 4,000,000 shares of Common Stock on May 25, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOSTON PROPERTIES, INC.

/s/ DAVID G. GAW

David G. Gaw,
CHIEF FINANCIAL OFFICER
(DULY AUTHORIZED OFFICER AND
PRINCIPAL FINANCIAL OFFICER)

August 5, 1999

5
1,000

3-MOS
DEC-31-1999
APR-01-1999
JUN-30-1999
32,225
0
53,059
0
0
303,066
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57,237
5,018,830
1,188,442
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0
100,000
678
1,056,444
5,018,830
187,409
191,640
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146,320
0
0
49,219
0
0
27,223
0
0
0
27,223
.44
.41