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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES ACT OF 1934

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

OR

o **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)
111 Huntington Avenue **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 Preferred Stock Purchase Rights	New York Stock Exchange

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 o

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. ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2. Yes ☒ No o

As of June 28, 2002, the aggregate market value of the 87,240,183 shares of common stock held by non-affiliates of the Registrant was $3,485,245,311 based upon the closing price of $39.95 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 February 19, 2003, there were 95,913,698 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 7, 2003 are incorporated by reference in Part III, Items 10, 11, 12 and 13.

TABLE OF CONTENTS

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 of our business through our subsidiary Boston Properties Limited Partnership. At December 31, 2002, we owned or had interests in 142 properties, totaling 42.4 million net rentable square feet. Our properties consisted of 133 office properties, comprised of 105 Class A office buildings and 28 properties that support both office and technical uses, including five properties under construction, four industrial properties, two retail properties, including one retail property under construction, and three hotels. Subsequent to December 31, 2002, we sold two Class A office properties. 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. Our definition of Class A office buildings may be different than that of other companies.

We are a full service real estate company, with substantial in-house expertise and resources in acquisitions, development, financing, capital markets, construction management, property management, marketing, leasing, accounting, tax and legal services. As of December 31, 2002, we had approximately 675 employees. Our 31 senior officers have an average of 24 years experience in the real estate industry and an average of 15 years tenure with us. Our principal executive office is located at 111 Huntington Avenue, 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 302 Carnegie Center, Princeton, New Jersey 08540.

Our Web site is located at *http://www.bostonproperties.com*. On our Web site, you can obtain a copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended, as soon as reasonably practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The name "Boston Properties" and our logo (consisting of a stylized "b") are registered trademarks of the Company.

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 February 19, 2003, the owner of approximately 76.37% of the economic interests in Boston Properties Limited Partnership. Economic interest was calculated as the number of common partnership units of Boston Properties Limited Partnership owned by the Company as a percentage of the sum of (i) the actual aggregate number of outstanding common partnership units of Boston Properties Limited Partnership and (ii) the number of common partnership units issuable upon conversion of outstanding preferred partnership units of 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, 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 common units so tendered by issuing common stock in exchange for the common units. If we so choose, our common stock will be exchanged for common units on a one-for-one basis. This one-for-one exchange ratio is subject to specified adjustments 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. As of December 31, 2002 and February 19, 2003, Boston Properties Limited Partnership had two series of its preferred units outstanding. The Series One preferred units have an aggregate liquidation preference of approximately $80.9 million and are entitled to 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 30, 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 preferred units have an aggregate liquidation preference of approximately $270.0 million. The Series Two units are convertible, at the holder's election, into common units at a conversion price of $38.10 per common unit. Distributions on the Series Two units are payable quarterly and generally accrue at rates of 6.5% through December 31, 2002; 7.0% until May 12, 2009; and 6.0% thereafter. If distributions on the number of common units into which the Series Two units are convertible are greater than distributions calculated using the rates described in the preceding sentence for the applicable quarterly period, then the greater distributions are payable instead. The terms of the Series Two units provide that they may be redeemed for cash in six annual tranches, beginning on May 12, 2009, at our election or at the election of the holders. We also have the right to convert into common units of Boston Properties Limited Partnership any Series Two units that are not redeemed when they are eligible for redemption.

Significant Transactions During 2002

Real Estate Acquisitions/Dispositions

On September 25, 2002, we acquired 399 Park Avenue, an approximately 1.7 million square foot office tower in midtown Manhattan. The total acquisition cost of approximately $1.06 billion (including closing costs) was financed with an unsecured bridge loan totaling $1.0 billion and cash. The acquisition of 399 Park Avenue was structured so as to permit us to engage in like-kind exchanges in reliance on Section 1031 of the Internal Revenue Code, which structure allows us to dispose of properties with an aggregate value of up to $1.06 billion within a six-month period following the acquisition of 399 Park Avenue without recognizing gain for federal income tax purposes.

During the year ended December 31, 2002, we sold land parcels in Herndon, Virginia and South San Francisco, California, and certain garage parking spaces at the Prudential Center in Boston, Massachusetts, for gross proceeds of approximately $15.5 million, resulting in a gain on sale of approximately $4.6 million. In addition, on August 16, 2002, we acquired 20F Street, a $^{1}/_{2}$ acre parcel of land in Washington, D.C., for approximately $2.4 million.

On December 2, 2002, we sold 2391 West Winton Avenue in Hayward, California, an industrial property totaling approximately 220,000 net rentable square feet, for gross proceeds of approximately $10.8 million, resulting in a gain on sale of approximately $9.3 million.

On November 22, 2002, we sold One and Two Independence Square in Washington, D.C., consisting of two Class A office properties totaling approximately 900,000 net rentable square feet, for gross proceeds of approximately $345.0 million which was used to repay secured and unsecured debt. We recognized a gain of approximately $227.8 million on the sale of One and Two Independence Square. As we continue to manage the property following the sale, the transaction has not been reflected as "discontinued operations" in our consolidated statements of operations.

On November 25, 2002, we entered into a binding contract for the sale of 875 Third Avenue in midtown Manhattan, a Class A office building totaling approximately 719,000 net rentable square feet and subsequently closed the transaction on February 4, 2003, for approximately $361.3 million (excluding

$8.8 million in future obligations assumed by the buyer relating to unpaid brokerage commissions and tenant improvement allowances). Proceeds of the sale were used to repay secured and unsecured debt. As we continued to manage the property following the sale, the transaction has not been reflected as "discontinued operations" in our consolidated statements of operations.

On March 4, 2002, we sold Fullerton Square, consisting of two office/technical properties totaling 179,000 net rentable square feet in Springfield, Virginia, for gross proceeds of approximately $22.5 million, resulting in a gain on sale of approximately $7.1 million.

On March 4, 2002, we sold 7600, 7700 and 7702 Boston Boulevard, consisting of three office/technical properties totaling approximately 195,000 net rentable square feet in Springfield, Virginia, for gross proceeds of approximately $34.1 million. Due to our obligation to provide development services related to the Boston Boulevard properties, that transaction did not qualify as a sale for financial reporting purposes in the first quarter of 2002 and had been accounted for as a financing transaction. During the third quarter of 2002, we completed our continuing involvement with the Boston Boulevard properties and recognized a gain on the sale of approximately $14.4 million.

The sales mentioned above of One and Two Independence Square, 875 Third Avenue, 2391 West Winton and 7600, 7700 and 7702 Boston Boulevard were structured as like-kind exchanges. Accordingly, taxable gain for federal income tax purposes was recognized and the tax attributes (including depreciated tax basis and any tax protection covenants for the benefit of former owners) of these disposed properties have been transferred to 399 Park Avenue as the property for which they were exchanged.

Developments

We placed five Class A office buildings and two office/technical properties in-service during 2002, which required a total investment during 2002 of approximately $148.9 million, of which $117.8 was funded through existing construction loans. Our total investment, including equity and debt, through December 31, 2002 on these properties was $924.0 million, including $806.6 million relating to 111 Huntington Avenue and 5 Times Square. We began or continued construction on an additional six office buildings, including two buildings in which we have a joint venture interest, and incurred approximately $172.4 million of construction costs during 2002, of which $111.0 million was funded through existing construction loans.

Unsecured Debt

On December 13, 2002, Boston Properties Limited Partnership closed an unregistered offering of $750.0 million in aggregate principal amount of its 6.25% senior unsecured notes due 2013. The notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to certain investors outside of the United States in reliance on Regulation S under the Securities Act. The notes were priced at 99.65% of their face amount to yield 6.296%. We used the net proceeds to pay down our unsecured bridge loan which we incurred in connection with the acquisition of 399 Park Avenue in September 2002.

On January 17, 2003, Boston Properties Limited Partnership closed an unregistered offering of an additional $175 million in aggregate principal amount of its 6.25% senior unsecured notes due 2013. The notes are fungible, and form a single series, with the notes sold in December 2002. The notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The notes were priced at 99.763% of their face amount to yield 6.28%. We used the net proceeds to pay down our unsecured bridge loan, a portion of our unsecured line of credit as well as certain construction loans.

In connection with the December 2002 and January 2003 offerings of its unsecured senior notes, Boston Properties Limited Partnership agreed to register an exchange offer in which the outstanding unregistered notes will be exchanged for registered notes of identical principal amount and with substantially identical terms.

Boston Properties Limited Partnership received investment grade ratings on its inaugural offering of senior unsecured notes of:

Rating Organization	Rating
Moody's	Baa2 (stable)
Standard & Poor's	BBB (stable)
FitchRatings	BBB (stable)

The security rating is not a recommendation to buy, sell or hold securities, as it may be subject to revision or withdrawal at any time by the rating organization. Ratings assigned by each rating organization have their own meaning within the organization's overall classification system. Each rating should be evaluated independently of any other rating.

In addition, on September 25, 2002, we obtained unsecured bridge financing totaling $1.0 billion in connection with the acquisition of 399 Park Avenue. During 2002, we repaid approximately $894.3 million with proceeds from the offering of unsecured senior notes and proceeds from the sales of certain real estate properties. During January 2003, we repaid all remaining amounts outstanding under our unsecured bridge loan from the proceeds of the January 17, 2003 additional offering of unsecured senior notes mentioned above.

Equity Transactions

On July 9, 2002, we issued 1,066,232 shares of our common stock with a fair value of approximately $41.2 million on the date of issuance, as a result of the conversion of an aggregate of 812,469 Series Two and Series Three preferred units of Boston Properties Limited Partnership into 1,066,232 common units of Boston Properties Limited Partnership, which common units we immediately acquired in exchange for an equal number of shares of our common stock. In addition, we issued 2,624,671 shares of our common stock as a result of the conversion of all of our 2,000,000 shares of preferred stock outstanding and we issued 1,566,679 shares of our common stock as a result of our election, as general partner of Boston Properties Limited Partnership, to acquire the common units upon redemption in exchange for an equal number of shares of our common stock.

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:

- to concentrate on a few carefully selected markets and to be one of the leading, if not the leading, owners and developers in each of those markets. We select markets and submarkets where tenants have demonstrated a preference for high quality office buildings and other facilities;
- 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 and selected retail space;
- 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;
- 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;
- 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 or preserve returns through repositioning, changes in management focus and re-leasing as existing leases terminate;
- to explore joint venture opportunities with existing owners of irreplaceable real estate locations and/or with strategic institutional partners, leveraging our skills as owners, operators and developers of Class A office space;
- to explore the sale of properties to take advantage of our value creation and the demand for our premier properties as reflected in the high sales prices obtained from recent sales of our properties;
- to seek third party development contracts to provide us with additional fee income and to enable us to retain and utilize our existing development and construction management staff; and
- to enhance our balanced capital structure through our access to a variety of sources of capital.

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:

- our control of sites (including sites under contract or option to acquire) in our markets that will support approximately 8.8 million square feet of new office, hotel and residential development;
- our reputation gained through the stability and strength of our existing portfolio of properties;
- our relationships with leading national corporations and public institutions seeking new facilities and development services;

- our relationships with nationally recognized financial institutions that provide capital to the real estate industry;
- 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;
- our ability to act quickly on due diligence and financing; and
- our relationships with institutional buyers and sellers of high quality real estate assets.

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

- *Pursue development in selected submarkets.* We believe that development of well-positioned office buildings will continue to be justified in many of our submarkets. We believe in acquiring land after taking into consideration timing factors relating to economic cycles, and in response to market conditions that allow for its development at the appropriate time. While we purposely concentrate in markets with high barriers to entry, we have demonstrated throughout 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

regulatory bodies, we generally have been able to secure the permits necessary to allow development, and to 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.

Our strong regional relationships and recognized development expertise have enabled us to capitalize on unique built-to-suit opportunities. We intend to seek out and expect to continue to be presented with such opportunities in the future allowing us to earn relatively attractive returns on these development opportunities through multiple business cycles.

- *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 are also 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 common units and preferred 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.

- *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 will exist in the long term to increase cash flow from our existing properties because they are of high quality and in desirable locations. In addition, our properties are in markets where, in general, the creation of new supply is limited by the lack of available sites, the difficulty of receiving the necessary approvals for development on vacant land and obtaining financing. 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 construction of tenant improvements. In addition, we believe that once normal market conditions return, our hotel properties will add to our internal growth because of their desirable locations in the downtown Boston and East Cambridge submarkets. We expect to continue our internal growth as a result of our ability to:

- *Cultivate existing submarkets and long-term relationships with credit tenants.* 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.

  We had an industry-leading average lease term of 7.2 years at December 31, 2002 and continue to cultivate long-term leasing relationships with a diverse base of high quality, financially stable tenants. Based on leases in place at December 31, 2002, leases with respect to 4.4% of our Class A office buildings will expire in calendar year 2003.

- *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.

- *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.

- *Extend terms of existing leases to existing tenants prior to expiration.* We have also successfully structured early tenant renewals which have reduced the cost associated with lease downtime while securing the tenancy of our highest quality credit-worthy tenants on a long term basis and enhancing relationships which may lead to future tenant expansion.

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.

The Hotel Properties

Effective July 1, 2002, we restructured the leases with respect to ownership of our three hotel properties by forming a taxable REIT subsidiary ("TRS"). The TRS, a wholly-owned subsidiary of Boston Properties Limited Partnership, is the lessee pursuant to new leases for each of the hotel properties. As lessor, Boston Properties Limited Partnership is entitled to a percentage of gross receipts from the hotel properties. Marriott® International, Inc. will continue to manage the

hotel properties under the Marriott® name and under terms of the existing management agreements. The restructuring of the hotel leases allows all the economic benefits of ownership to flow to the Company.

Seasonality

Our hotel properties traditionally have experienced significant seasonality in their operating income, with weighted average net operating income (defined as revenues less operating expenses) by quarter over the year ended December 31, 2002 as follows:

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
13%	27%	28%	32%

RISK FACTORS

Set forth below are the risks that we believe are material to our stockholders. We refer to the shares of our common stock 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 contains some forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 30.

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 income generated by our office, industrial and hotel properties:

- downturns in the national, regional and local economic climate;
- competition from other office, hotel and other commercial buildings;
- local real estate market conditions, such as oversupply or reduction in demand for office, hotel or other commercial space;
- changes in interest rates and availability of financing;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and relet space;
- increased operating costs, including insurance expenses, utilities, real estate taxes, and heightened security costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which 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 which are generally not reduced when circumstances cause a reduction in revenues from a property; and
- ability to collect rents from tenants.

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. As a result of the current slowdown in economic activity, there has been an increase in vacancy rates for office properties in these markets. A continued downturn in the economies of these markets, or the impact that the downturn in the overall national economy may have upon these economies, could result in further 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 results from operations. Additionally, there are submarkets within our core markets that are dependent upon a limited number of industries. A significant downturn in one or more of these industries could also adversely affect our results of 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:

- we may be unable to proceed with the development of properties because we cannot obtain financing on favorable terms;
- we may incur construction costs for a development project which exceed our original estimates due to increases in interest rates and increased materials, labor or other costs, which could make completion of the project less profitable because we may not be able to increase rents to compensate for the increase in construction costs;
-

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;

- we may abandon development opportunities after we begin to explore them and as a result we may fail to recover expenses already incurred;
- we may expend funds on and devote management's time to projects which we do not complete;
- we may be unable to complete construction and/or leasing of a property on schedule, resulting in increased debt service and fixed expenses and construction or renovation costs;
- we may lease developed properties at below projected rental rates; and
- 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.

In appropriate circumstances, we intend to develop and acquire properties in joint ventures with other persons or entities when circumstances warrant the use of these structures. We could become engaged in a dispute with any of our joint venturers which might affect our ability to operate a property. In addition, our joint venture partners may have different objectives than we do regarding the appropriate timing and pricing of any sale or refinancing of properties. Finally, in many instances, our joint venture partners have competing interests in our markets that could create conflict of interest issues.

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 investment period for this joint venture, which ends on May 12, 2003, 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. Its participation may limit our flexibility in acquiring properties or pursuing development projects.

We face risks associated with property acquisitions.

Since our initial public offering, we have made acquisitions of large properties and portfolios of properties. We intend to continue to acquire properties and portfolios of properties, including large

portfolios that could increase our size and result in alterations to our capital structure. Our acquisition activities and their success are subject to the following risks:

- 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;
- 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, which may not be satisfied;
- even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price;
- we may be unable to finance acquisitions on favorable terms;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- 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
- 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 have acquired in the past and in the future may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in Boston Properties Limited Partnership. This acquisition structure has the effect, among others, of reducing the amount of tax depreciation we can deduct over the tax life of the acquired properties, and typically requires that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax basis.

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 ownership of 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:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors or other persons against the former owners of the properties;
- liabilities incurred in the ordinary course of business; and

- 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 or terminate early, we may not be able to re-lease 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. 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 bankrupt tenant may reject and terminate its lease with us. In such case, our claim against the bankrupt tenant for unpaid and 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 of 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 could be difficult to sell. 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 securityholders. 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 ability to dispose of some of our properties is constrained by their tax attributes. Properties which we developed and have owned for a significant period of time or which we acquired through tax deferred contribution transactions in exchange for partnership interests in Boston Properties Limited Partnership often have a low tax basis. If we dispose of these properties outright in taxable transactions, we may be required to distribute a significant amount of the taxable gain to our security holders under the requirements of the Internal Revenue Code for REIT's like the Company, which in turn would impact our cash flow. In some cases, we are restricted from disposing of properties contributed in exchange for our partnership interests under tax protection agreements with contributors. To dispose of low basis or tax-protected properties efficiently we often use like-kind exchanges, which qualify for non-recognition of taxable gain, but can be difficult to consummate and result in the property for which the disposed assets are exchanged inheriting their low basis and other tax attributes (including tax protection covenants).

Our properties face significant competition.

We face significant competition from developers, owners and operators of office, industrial and other commercial real estate, including sublease space available from our tenants. Substantially all of our properties face competition from similar properties in the same market. Such competition may affect 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 which we lease to our taxable REIT subsidiary, or TRS. Boston Properties Limited Partnership, as lessor, is entitled to a percentage of the gross receipts of our hotel properties and Marriott International, Inc. manages our hotel properties under the Marriott® name pursuant to a management contract with the TRS as lessee. While the TRS structure allows the economic benefits of ownership to flow to us, the TRS is subject to tax on its income from the operations of the hotels at the federal and state level. In addition changes in applicable tax laws may require us to modify the structure for owning our hotel properties, and such changes may adversely affect the cash flows from our hotels.

Because the lease payments we receive under the hotel leases 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:

- 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;
- 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;
- our hotel properties are subject to the fluctuating and seasonal demands of business travelers and tourism; and
- our hotel properties are subject to general and local economic and social conditions that may affect demand for travel in general, including war and terrorism.

In addition, because all three of our hotel properties are located within a two-mile radius in downtown Boston and Cambridge, they are all subject to the Boston market's fluctuations in demand, increases in operating costs and increased competition from additions in supply.

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 the 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 of operations.

Some potential losses are not covered by insurance.

We carry insurance coverage on our properties of types and in amounts that we believe are in line with coverage customarily obtained by owners of similar properties. We believe all of our properties are adequately insured. The property insurance that we maintain for our properties has historically been on an "all risk" basis, which until 2002 included losses caused by acts of terrorism. Following the terrorist activity of September 11, 2001 and the resulting uncertainty in the insurance market, insurance companies generally excluded insurance against acts of terrorism from their "all risk" policies. As a result, our "all risk" insurance coverage currently contains specific exclusions for losses attributable to acts of terrorism. In light of this development, in 2002 we purchased stand-alone terrorism insurance on a portfolio-wide basis with annual aggregate limits that we consider commercially reasonable, considering the availability and cost of such coverage. The federal Terrorism Risk Insurance Act, enacted in November 2002, requires regulated insurers to make available coverage for certified acts of terrorism (as defined by the statute) under property insurance policies, but we cannot currently

anticipate whether the scope and cost of such coverage will compare favorably to stand-alone terrorism insurance, and thus whether it will be commercially reasonable for us to change our coverage for acts of terrorism going forward. We will continue to monitor the state of the insurance market, but we do not currently expect that coverage for acts of terrorism on terms comparable to pre-2002 policies will become available on commercially reasonable terms.

We carry earthquake insurance on our properties located in areas known to be subject to earthquakes in an amount and subject to deductibles and self-insurance that we believe are commercially reasonable. However, the amount of our earthquake insurance coverage may not be sufficient to cover losses from earthquakes. As a result of increased costs of coverage and decreased availability, the amount of third party earthquake insurance we may be able to purchase on commercially reasonable terms may be reduced. 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.

In January 2002, the Company formed a wholly-owned insurance subsidiary, IXP, Inc. ("IXP"), to act as a captive insurance company and be one of the elements of our overall insurance program. IXP has acted as a reinsurer for our primary carrier with respect to a portion of our earthquake insurance coverage for our Greater San Francisco properties. In the future IXP may provide additional or different coverage, as a reinsurer or a primary insurer, depending on the availability and cost of third party insurance in the marketplace and the level of self insurance that we believe is commercially reasonable. The accounts of IXP are consolidated within the Company.

There are other types of losses, such as from wars, acts of bio-terrorism or the presence of mold at our properties, for which we cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes or other catastrophic events, if we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Depending on the specific circumstances of each affected property, it is possible that we could be liable for 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.

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 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:

- 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;
- the law typically imposes clean-up responsibility and liability regardless of whether the owner or operator knew of or caused the contamination;
- 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
- 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. Changes in laws increasing the potential liability for environmental conditions existing at our properties, or increasing the restrictions on the handling, storage or discharge of hazardous or toxic substances or petroleum products or other actions may result in significant unanticipated expenditures.

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

- properly manage and maintain the asbestos;
- notify and train those who may come into contact with asbestos; and
- 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, industrial and previously developed areas where fill or current or historic industrial uses of the areas have caused site contamination.

It is our policy to retain independent environmental consultants to conduct Phase I environmental site assessments and asbestos surveys with respect to our acquisition of properties. These assessments generally include 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, but do not involve invasive techniques such as soil and ground water sampling. Where appropriate, on a property-by-property basis, our practice is to have these consultants conduct 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 are conducted, there is still the risk that:

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

While we test indoor air quality on a regular basis and have an ongoing maintenance program in place to address this aspect of property operations, inquiries about indoor air quality may necessitate special investigation and, depending on the results, remediation. Indoor air quality issues can stem from inadequate ventilation, chemical contaminants from indoor or outdoor sources, and biological contaminants such as molds, pollen, viruses and bacteria. Indoor exposure to chemical or biological contaminants above certain levels can be alleged to be connected to allergic reactions or other health effects and symptoms in susceptible individuals. If these conditions were to occur at one of our properties, we may need to undertake a targeted remediation program, including without limitation,

steps to increase indoor ventilation rates and eliminate sources of contaminants. Such remediation programs could be costly, necessitate the temporary relocation of some or all of the property's tenants or require rehabilitation of the affected property.

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 our 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.

We have agreements with a number of limited partners of Boston Properties Limited Partnership who contributed properties in exchange for partnership interests that require Boston Properties Limited Partnership to maintain secured debt on certain of our assets and/or allocate partnership debt to such limited partners to enable them to continue to defer recognition of their taxable gain with respect to the contributed property. These tax protection and debt allocation agreements may restrict our ability to repay or refinance debt.

An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt.

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 and our ability to pay principal and interest on our debt and our ability to make distributions to our securityholders. Further, rising interest rates could limit our ability to refinance existing debt when it matures. As a protection against rising interest rates, we enter into agreements such as interest rate swaps, caps, floors and other interest rate hedging contracts.

Covenants in our debt agreements could adversely affect our financial condition.

The mortgages on our properties contain customary 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. Our credit facilities and unsecured debt securities contain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset 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 continued ability to borrow under our credit facilities is subject to compliance with our financial and other covenants. In addition, our failure to comply with such covenants could cause a default under the applicable debt agreement, and we may then be required to repay such debt with capital from other sources. Under those circumstances, other sources of capital may not be available to us, or be available only on unattractive terms.

Our "all risk" insurance policies contain exclusions for acts of terrorism and some of our lenders may take the position that our insurance coverage against acts of terrorism no longer complies with covenants in our debt agreements. Additionally, in the future our ability to obtain debt financing, or the terms of such financing, may be adversely affected if lenders generally insist upon greater insurance coverage against acts of terrorism than is available to us in the marketplace on commercially reasonable terms.

We rely on debt financing, including borrowings under our credit facilities, issuances of unsecured debt securities and debt secured by individual properties, to finance our acquisition and development activities and for working capital. If we are unable to obtain debt financing from these or other sources, or to refinance existing indebtedness upon maturity, our financial condition and results of operations would likely be adversely affected. If we breach covenants in our debt agreements, the lenders can declare a default and, if the debt is secured, can take possession of the property securing the defaulted loan. In addition, our unsecured debt agreements contain specific cross-default provisions with respect to specified other indebtedness, giving the unsecured lenders the right to declare a default if we are in default under other loans in some circumstances. Defaults under our debt agreements could materially and adversely affect our financial condition and results of operations.

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 common stock and interests in Boston Properties Limited Partnership. Our debt to market capitalization ratio was approximately 52.8% as of December 31, 2002. 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 senior unsecured debt is currently rated investment grade by the three major rating agencies. However, there can be no assurance we will be able to maintain this rating, and in the event our senior debt is downgraded from its current rating, we would likely incur higher borrowing costs. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally.

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

The interests of our existing securityholders could be diluted if additional equity securities are issued to finance future developments, acquisitions, or repay indebtedness. 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:

- 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;

- we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes;
- 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
- 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 90% 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:

- delay or prevent a change of control over us or a tender offer, even if such action might be beneficial to our stockholders and

- 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 certificate of incorporation 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 certificate of incorporation each of Mortimer B. Zuckerman and Edward H. Linde, along with their respective families 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:

- holders of partnership interests in Boston Properties Limited Partnership, including Boston Properties, Inc., must vote on the matter;
- Boston Properties, Inc. must vote its partnership interests in the same proportion as our stockholders voted on the transaction; and
- the result of the vote of holders of partnership 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 the transaction in advance, which gives us significant power to approve or disapprove of the efforts of a person or group to acquire a large interest in our company.

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. Mr. Zuckerman has substantial outside business interests which could interfere with his ability to devote his full time to our business and affairs.

Our two Executive Vice Presidents, Chief Financial Officer and other executive officers who serve as managers of our regional offices have strong 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 affect our operations because of diminished relationships with lenders, prospective tenants and industry personnel.

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 partnership 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, or if those properties are transferred in a nontaxable event. In addition, we have entered into similar agreements with respect to other properties that we have acquired in exchange for partnership interests in Boston Properties Limited Partnership. Pursuant to those agreements, we are responsible for the reimbursement of tax costs to the prior owners if the subject properties are sold in a taxable sale. Our obligations to the prior owners are generally limited in time and only apply to actual damages suffered. As of December 31, 2002, there were a total of 34 properties subject to these restrictions, and those 34 properties and 2 additional properties sold during 2002, are estimated to have accounted for approximately 54.6% of our total revenue for the year ended December 31, 2002.

Boston Properties Limited Partnership has also entered into agreements providing prior owners 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 each of their employment agreements, 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:

- the extent of investor interest in our securities;
- 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;
- our underlying asset value;
- investor confidence in the stock and bond market, generally;
- national economic conditions;
- changes in tax laws;
- our financial performance;
- change in our credit rating; and
- 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.

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 securities markets 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 and restricted stock, may also be sold in the market at some time in the future. Future sales of our common stock in the market 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 these 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 laws.

From time to time changes in state and local tax laws or regulations are enacted, which may result in increase in our tax liability. The shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such changes. We also face the risk that taxing authorities may challenge certain aspects of our acquisition, operation or disposition of properties. If such challenges are successful, we may be required to pay additional taxes on our assets or income and may be assessed interest and penalties on such additional taxes. These increased tax 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, 2002, our portfolio consisted of 142 properties totaling 42.4 million net rentable square feet. Our properties consisted of 133 office properties, including 105 Class A office buildings and 28 properties that support both office and technical uses, including five properties under construction, four industrial properties, two retail properties, including one retail property currently under construction, and three hotels. In addition, we own or control 41 parcels of land for future development. The following table sets forth information relating to the properties we owned at December 31, 2002:

Properties	Location	12/31/02 Occupancy	Number of Buildings	Net Rentable Square Feet
Class A Office				
399 Park Avenue	New York, NY	100.0%	1	1,677,433
Citigroup Center	New York, NY	99.9%	1	1,576,803
800 Boylston Street at The Prudential Center	Boston, MA	92.2%	1	1,175,218
280 Park Avenue	New York, NY	97.6%	1	1,166,777
5 Times Square	New York, NY	98.8%	1	1,103,290
599 Lexington Avenue	New York, NY	95.9%	1	1,019,772
Embarcadero Center Four	San Francisco, CA	93.1%	1	935,821
Riverfront Plaza	Richmond, VA	91.8%	1	899,586
111 Huntington Avenue at The Prudential Center	Boston, MA	98.2%	1	854,129
Embarcadero Center One	San Francisco, CA	97.8%	1	833,727
Embarcadero Center Two	San Francisco, CA	88.3%	1	780,441
Embarcadero Center Three	San Francisco, CA	89.1%	1	773,632
875 Third Avenue(1)	New York, NY	95.2%	1	711,901
Democracy Center	Bethesda, MD	94.0%	3	680,854
100 East Pratt Street	Baltimore, MD	98.2%	1	635,323
Metropolitan Square (51% ownership)	Washington, D.C.	97.6%	1	585,220
Shops at the Prudential Center(2)	Boston, MA	97.6%	1	557,946
Candler Building(3)	Baltimore, MD	97.0%	1	540,706
Reservoir Place	Waltham, MA	84.7%	1	522,760
101 Huntington Avenue at the Prudential Center	Boston, MA	80.9%	1	510,983
601 and 651 Gateway Boulevard	South San Francisco, CA	86.1%	2	509,720
West Tower	San Francisco, CA	96.1%	1	467,781
One Tower Center	East Brunswick, NJ	84.4%	1	410,887
One Freedom Square (25% ownership)	Reston, VA	100.0%	1	410,308
Market Square North (50% ownership)	Washington, D.C.	100.0%	1	401,279
Capital Gallery	Washington, D.C.	100.0%	1	396,894
140 Kendrick Street (25% ownership)	Needham, MA	100.0%	3	380,987
One and Two Discovery Square (50% ownership)	Reston, VA	90.8%	2	366,989
265 Franklin Street (35% ownership)	Boston, MA	67.9%	1	343,913
Orbital Science Campus	Dulles, VA	100.0%	3	337,228
One Reston Overlook	Reston, VA	100.0%	1	312,685
2300 N Street	Washington, D.C.	98.8%	1	289,243

NIMA Building	Reston, VA	100.0%	1	263,870
Reston Corporate Center	Reston, VA	100.0%	2	261,046
Quorum Office Park One	Chelmsford, MA	100.0%	2	259,918
Lockheed Martin Building	Reston, VA	100.0%	1	255,244
611 Gateway Boulevard	S. San Francisco, CA	0.0%	1	250,825
200 West Street	Waltham, MA	100.0%	1	248,048
500 E Street	Washington, D.C.	100.0%	1	242,769
New Dominion Tech. Park, Building One	Herndon, VA	100.0%	1	235,201
510 Carnegie Center	Princeton, NJ	100.0%	1	234,160
Cambridge Center One	Cambridge, MA	94.0%	1	215,385
Sumner Square Office	Washington, D.C.	100.0%	1	207,620
University Place	Cambridge, MA	100.0%	1	195,282
1301 New York Avenue	Washington, D.C.	100.0%	1	188,358
2600 Tower Oaks Boulevard	Rockville, MD	100.0%	1	178,887
Cambridge Center Eight	Cambridge, MA	100.0%	1	177,226
Newport Office Park	Quincy, MA	44.6%	1	168,829
Lexington Office Park	Bedford, MA	78.6%	2	167,293
191 Spring Street	Waltham, MA	100.0%	1	162,700
206 Carnegie Center	Princeton, NJ	100.0%	1	161,763
210 Carnegie Center	Princeton, NJ	100.0%	1	161,112
10 & 20 Burlington Mall Road	Burlington, MA	88.7%	2	156,416
Cambridge Center Ten	Cambridge, MA	100.0%	1	152,664
Old Federal Reserve	San Francisco, CA	99.8%	1	149,592
214 Carnegie Center	Princeton, NJ	94.8%	1	148,584
212 Carnegie Center	Princeton, NJ	100.0%	1	146,518
506 Carnegie Center	Princeton, NJ	56.2%	1	136,213
Two Reston Overlook	Reston, VA	82.2%	1	131,594
508 Carnegie Center	Princeton, NJ	100.0%	1	131,085
Waltham Office Center	Waltham, MA	84.8%	3	130,209
202 Carnegie Center	Princeton, NJ	100.0%	1	128,705
504 Carnegie Center	Princeton, NJ	100.0%	1	121,990
91 Hartwell Avenue	Lexington, MA	91.3%	1	121,215
Montvale Center	Gaithersburg, MD	84.2%	1	120,823
40 Shattuck Road	Andover, MA	92.2%	1	120,000
101 Carnegie Center	Princeton, NJ	100.0%	1	119,652
502 Carnegie Center	Princeton, NJ	95.3%	1	116,374
Cambridge Center Three	Cambridge, MA	100.0%	1	107,484
104 Carnegie Center	Princeton, NJ	85.2%	1	102,830
201 Spring Street	Waltham, MA	100.0%	1	102,500
The Arboretum	Reston, VA	100.0%	1	95,584
Bedford Office Park	Bedford, MA	100.0%	1	90,000
Cambridge Center Eleven	Cambridge, MA	100.0%	1	79,616
Decoverly Two	Rockville, MD	100.0%	1	77,747
Decoverly Three	Rockville, MD	100.0%	1	77,040
33 Hayden Avenue	Lexington, MA	100.0%	1	75,216
170 Tracer Lane	Waltham, MA	55.0%	1	73,258
105 Carnegie Center	Princeton, NJ	100.0%	1	69,648
32 Hartwell Avenue	Lexington, MA	100.0%	1	69,154

302 Carnegie Center	Princeton, NJ	95.5%	1	65,135
195 West Street	Waltham, MA	100.0%	1	63,500
100 Hayden Avenue	Lexington, MA	100.0%	1	55,924
181 Spring Street	Waltham, MA	41.2%	1	53,595
211 Carnegie Center	Princeton, NJ	100.0%	1	47,025
204 Second Avenue	Waltham, MA	100.0%	1	40,974
92 Hayden Avenue	Lexington, MA	100.0%	1	31,100
201 Carnegie Center	Princeton, NJ	100.0%	—	6,500
Subtotal for Class A Office Properties		94.1%	101	29,921,236
Office/Technical Properties				
Bedford Office Park	Bedford, MA	100.0%	2	383,704
Hilltop Office Center	South San Francisco, CA	87.5%	9	144,366
Broad Run Business Park, Building E	Dulles,VA	54.7%	1	127,226
7601 Boston Boulevard	Springfield, VA	100.0%	1	103,750

7399-7435 Boston Boulevard	Springfield, VA	82.3%	1	103,557
8000 Grainger Court	Springfield, VA	100.0%	1	90,645
7500 Boston Boulevard	Springfield, VA	100.0%	1	79,971
7501 Boston Boulevard	Springfield, VA	100.0%	1	75,756
Cambridge Center Fourteen	Cambridge, MA	100.0%	1	67,362
164 Lexington Road	Billerica, MA	100.0%	1	64,140
7450 Boston Boulevard	Springfield, VA	100.0%	1	62,402
Sugarland Business Park, Building Two	Herndon, VA	65.9%	1	59,215
7374 Boston Boulevard	Springfield, VA	100.0%	1	57,321
Sugarland Business Park, Building One	Herndon, VA	22.8%	1	52,797
8000 Corporate Court	Springfield, VA	100.0%	1	52,539
7451 Boston Boulevard	Springfield, VA	66.1%	1	47,001
7300 Boston Boulevard	Springfield, VA	100.0%	1	32,000
17 Hartwell Avenue	Waltham, MA	100.0%	1	30,000
7375 Boston Boulevard	Springfield, VA	100.0%	1	26,865
Subtotal for Office/Technical Properties		89.7%	28	1,660,617
Industrial Properties				
38 Cabot Boulevard	Bucks County, PA	100.0%	1	161,000
40-46 Harvard Street	Westwood, MA	100.0%	1	152,009
560 Forbes Blvd	South San Francisco, CA	100.0%	1	40,000
430 Rozzi Place	South San Francisco, CA	100.0%	1	20,000
Subtotal for Industrial Properties		100.0%	4	373,009
Subtotal for In-Service Properties		93.9%	133	31,954,862
Properties Under Construction				
Times Square Tower	New York, NY	0%(4)	1	1,218,511
901 New York Avenue (25% ownership)	Washington, D.C.	60.0%(4)	1	538,463
Two Freedom Square (50% ownership)	Reston, VA	65.0%(4)	1	422,930
Waltham Weston Corporate Center	Waltham, MA	42.1%(4)	1	304,050

New Dominion Tech. Park, Building Two	Herndon, VA	100.0%(4)	1	257,400
Shaws Supermarket(2)	Boston, MA	100.0%(4)	1	57,235
Subtotal for Properties Under Construction		37.2%(4)	6	2,798,589
Hotel Properties				
Long Wharf Marriott	Boston, MA	N/M	1	420,000
Cambridge Center Marriott	Cambridge, MA	N/M	1	330,400
Residence Inn by Marriott	Cambridge, MA	N/M	1	187,474
Subtotal for Hotel Properties			3	937,874
Structured Parking			—	6,719,991
Total Portfolio:			142	42,411,316

(1) Sold on February 4, 2003.

(2) Retail property.

(3) Sold on January 28, 2003.

(4) Represents pre-leasing at December 31, 2002.

N/M—Not meaningful.

Top 20 Tenants by Square Feet

Tenant	Square Feet	% of In Service Portfolio
1. U.S. Government	1,408,595	4.41%
2. Citibank, N.A.	1,217,423	3.81%
3. Ernst and Young	1,064,939	3.33%
4. Lockheed Martin Corporation	676,414	2.12%
5. Shearman & Sterling	588,226	1.84%
6. Gillette Company	488,177	1.53%
7. Lehman Brothers	436,723	1.37%
8. Parametric Technology Corp.	380,987	1.19%
9. Washington Group International	365,245	1.14%
10. Deutsche Bank	346,617	1.08%
11. Orbital Sciences Corporation	337,228	1.06%
12. Wachovia	319,966	1.00%
13. TRW, Inc.	318,963	1.00%
14. T. Rowe Price Associates, Inc.	304,129	0.95%
15. Hunton & Williams	301,081	0.94%
16. Digitas	279,182	0.87%
17. Accenture	265,622	0.83%
18. Kirkland & Ellis	263,216	0.82%
19. Marsh USA Inc.	261,145	0.82%
20. Tellabs Operations, Inc.	259,918	0.81%
Total % of portfolio square feet		30.93% (1)
Total % of portfolio revenue		32.74% (2)

(1) Includes 646,609 square feet or 2.02% of the portfolio in which we own a joint venture interest.

(2) Includes $19.1 million or 1.58% of revenues from properties in which we own a joint venture interest.

Lease Expirations

Year of Lease Expiration	Rentable Square Footage Subject to Expiring Leases	Current Annualized(1) Revenues Under Expiring Leases	Current Annualized(1) Revenues Under Expiring Leases p.s.f.	Annualized(1) Revenues Under Expiring Leases with future step ups	Annualized(1) Revenues Under Expiring Leases with future step-ups p.s.f.	Percentage of Total Square Feet
2003	1,644,474	$ 52,844,755	$ 32.13(2)	$ 53,094,939	$ 32.29	5.15%
2004	2,559,104	92,793,601	36.26	93,366,005	36.48	8.01%
2005	2,690,726	97,902,119	36.39	100,905,670	37.50	8.42%
2006	3,562,432	138,867,900	38.98	143,776,456	40.36	11.15%
2007	2,671,419	94,714,813	35.45	99,211,635	37.14	8.36%
2008	1,437,372	59,848,925	41.64	59,648,168	41.50	4.50%
2009	2,468,327	90,948,175	36.85	99,974,527	40.50	7.72%
2010	1,476,004	64,244,167	43.53	72,656,818	49.23	4.62%
2011	2,846,193	111,161,486	39.06	127,919,813	44.94	8.91%
2012	2,186,739	96,735,475	44.24	106,321,851	48.62	6.84%
Thereafter	6,264,880	305,165,632	48.71	372,601,943	59.47	19.61%

(1) Annualized revenues are the monthly contractual rent under existing leases as of December 31, 2002 multiplied by twelve. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimates as of such date.

(2) Includes $2.3 million of annual revenue from the Prudential Center retail kiosks for which there is zero square footage assigned.

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, 2002.

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, 2002	$ 37.43	$ 33.93	$ .610(a)
September 30, 2002	39.87	34.56	.610
June 30, 2002	41.55	37.88	.610
March 31, 2002	39.82	35.98	.580
December 31, 2001	38.41	34.33	.580
September 30, 2001	41.26	36.20	.580
June 30, 2001	41.06	36.47	.580
March 31, 2001	43.31	37.92	.530

(a) Paid on January 29, 2003 to stockholders of record on December 30, 2002.

At February 19, 2003, we had approximately 820 stockholders 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 stockholders of at least 90% of our taxable income (not including net capital gains).

Item 6. ***Selected Financial Data***

The following table sets forth our selected financial and operating data. The following data should be read in conjunction with our 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.

Our historical operating results may not be comparable to our future operating results.

	For the year ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands, except per share data)				
Statement of Operations Information:					
Total revenue	$ 1,234,823	$ 1,046,520	$ 889,631	$ 781,009	$ 509,212
Expenses:					
Rental operating	385,491	330,301	279,671	248,386	149,582
Hotel oerating	31,086	—	—	—	—
General and administrative	47,292	38,312	35,659	29,455	22,504
Interest	271,685	223,389	217,064	205,410	124,793
Depreciation and amortization	186,177	149,181	132,223	119,204	74,594
Net derivative losses	11,874	26,488	—	—	—
Loss on investments in securities	4,297	6,500	—	—	—
Income before income from unconsolidated joint ventures, net derivative losses and minority interests	296,921	272,349	225,014	178,554	137,739
Income from unconsolidated joint ventures	7,954	4,186	1,758	468	—
Minority interests	(75,459)	(73,654)	(76,020)	(68,520)	(41,260)
Income before gain (loss) on sale of real estate	229,416	202,881	150,752	110,502	96,479
Gain (loss) on sale of real estate, net of minority interest	186,810	6,505	(234)	6,467	—
Gain on sale of land held for development, net of minority interest	3,633	2,584	—	—	—
Income before discontinued operations	419,859	211,970	150,518	116,969	96,479
Discontinued operations, net of minority interest	26,480	2,829	2,814	2,807	2,114
Income before extraordinary items	446,339	214,799	153,332	119,776	98,593
Extraordinary gain (loss), net of minority interest	(1,956)	—	(334)	—	(5,481)

Income before cumulative effect of a change in accounting principle	444,383	214,799	152,998	119,776	93,112
Cumulative effect of a change in accounting principle, net of minority interest	—	(6,767)	—	—	—
Net income before preferred dividend	444,383	208,032	152,998	119,776	93,112
Preferred dividend	(3,412)	(6,592)	(6,572)	(5,829)	—
Net income available to common shareholders	$ 440,971	$ 201,440	$ 146,426	$ 113,947	$ 93,112
Basic earnings per share:					
Income before discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$ 4.47	$ 2.28	$ 2.01	$ 1.69	$ 1.59
Discontinued operations, net of minority interest	0.28	0.03	0.04	0.03	0.03
Extraordinary gain (loss), net of minority interest	(0.02)	—	—	—	(0.09)
Cumulative effect of a change in accounting principle, net of minority interest	—	(0.07)	—	—	—
Net income	$ 4.73	$ 2.24	$ 2.05	$ 1.72	$ 1.53
Weighted average number of common shares outstanding	93,145	90,002	71,424	66,235	60,776
Diluted earnings per share:					
Income before discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$ 4.40	$ 2.23	$ 1.97	$ 1.68	$ 1.58
Discontinued operations, net of minority interest	0.28	0.03	0.04	0.03	0.03
Extraordinary gain (loss), net of minority interest	(0.02)	—	—	—	(0.09)
Cumulative effect of a change in accounting principle, net of minority interest	—	(0.07)	—	—	—
Net income	$ 4.66	$ 2.19	$ 2.01	$ 1.71	$ 1.52
Weighted average number of common and common equivalent shares outstanding	94,612	92,200	72,741	66,776	61,308

	December 31,				
	2002	2001	2000	1999	1998
	(in thousands, except per share data)				
Balance Sheet Information:					
Real estate, gross	$ 8,670,711	$ 7,457,906	$ 6,112,779	$ 5,609,424	$ 4,917,193
Real estate, net	7,847,778	6,738,052	5,526,060	5,138,833	4,559,809
Cash	55,275	98,067	280,957	12,035	12,166
Total assets	8,427,203	7,253,510	6,226,470	5,434,772	5,235,087
Total indebtedness	5,147,220	4,314,942	3,414,891	3,321,584	3,088,724
Minority interests	844,581	844,740	877,715	781,962	—
Convertible Redeemable Preferred Stock	—	100,000	100,000	100,000	—
Stockholders' and owners' equity(deficit)	2,159,590	1,754,073	1,647,727	1,057,564	948,481

	For the year ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands, except per share data)				
Other Information:					
Funds from operations(1)	$ 495,610	$ 411,246	$ 247,371	$ 196,101	$ 153,045
Funds from operations, as adjusted(1)	516,004	337,823	247,371	196,101	153,045
Dividends per share	2.41	2.27	2.04	1.75	1.64
Cash flow provided by operating activities	437,380	419,403	339,664	303,469	215,287
Cash flow used in investing activities	(1,017,283)	(1,303,622)	(573,363)	(654,996)	(2,179,215)
Cash flow provided by (used in) financing activities	537,111	701,329	502,621	351,396	1,958,534
Total square feet at end of year	42,411	40,718	37,926	35,621	31,077
Occupancy rate at end of year	93.9%	95.3%	98.9%	98.4%	97.1%

(1) Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), we calculate Funds from Operations, or "FFO," by adjusting net income (loss) (computed in accordance with accounting principles generally accepted in the United States of America ("GAAP"), including non-recurring items), for gains (or losses) from sales of properties, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. In addition to FFO (as defined by NAREIT), we also disclose FFO after specific supplemental adjustments. Although our FFO as adjusted clearly differs from NAREIT's definition of FFO as well that of other real estate companies, we believe it provides a meaningful presentation of our operating performance. In addition, we believe that to further understand our performance, FFO and FFO as adjusted should be compared with our reported net income and cash flows in accordance with GAAP, as presented in our consolidated financial statements.

Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. In addition to presenting FFO in accordance with the NAREIT definition, we make adjustments to FFO, as defined by NAREIT, including net derivative losses and early surrender lease adjustments. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, or as an indicator of our ability to make cash distributions.

A reconciliation for Funds from Operations to net income computed in accordance with GAAP is provided under the heading of Management's Discussion and Analysis of Financial Condition and Results of Operations, Funds from Operations.

Item 7. ***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.

Forward Looking Statements

This Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, principally, but not only, under the captions "Business and Growth Strategies," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." We caution investors that any forward-looking statements in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and on assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. 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 responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

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

The risks included here are not exhaustive. Other sections of this report may include additional factors which could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our quarterly reports on Form 10-Q for

future periods and current reports on Form 8-K as we file them with the SEC, and to other materials we may furnish to the public from time to time through Forms 8-K or otherwise.

Critical Accounting Policies

The SEC published cautionary advice in December 2001 regarding MD&A disclosure of critical accounting policies. The significant accounting policies are also discussed in Note 1 of our financial statements. These critical accounting policies are subject to judgments and uncertainties, which affect the application of

these policies. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. On an on-going basis, we evaluate our estimates. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. The material accounting policies that we believe are most critical to the understanding of our financial position and results of operations that require significant management estimates and judgments are discussed below.

Real Estate

Real estate is stated at depreciated cost. The cost of buildings and improvements include the purchase price of property, legal fees and acquisition costs. Costs directly related to the development of properties are capitalized. Capitalized development costs include interest, internal wages, property taxes, insurance, and other project costs incurred during the period of development.

We periodically review our properties to determine if our carrying amounts will be recovered from future operating cash flows. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements which could differ materially from actual results in future periods. Since cash flows on properties considered to be "long-lived assets to be held and used" as defined by FAS 144 are considered on an undiscounted basis to determine whether an asset has been impaired, our established strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If our strategy changes or market conditions otherwise dictate an earlier sale or disposal date, an impairment loss may be recognized. If we determine that impairment has occurred, the affected assets must be reduced to their fair value. No such impairment losses have been recognized to date.

A variety of costs are incurred in the acquisition, development and leasing of our properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgement. Our capitalization policy on our development properties is guided by SFAS No. 34 "Capitalization of Interest Cost" and SFAS No. 67 "Accounting for Costs and the Initial Rental Operations of Real Estate Properties", and ceases capitalization when the property is held available for occupancy upon substantial completion of tenant improvements, but no later than one year from the completion of major construction activity. In the third quarter of 2002, we substantially completed construction of the base building at 611 Gateway in South San Francisco. Although substantial construction remained which would allow continued capitalization until the earlier of completion of tenant build-out or one-year, and since we have no leasing prospects and do not expect to lease the property within the next year, the building was placed in-service during the third quarter of 2002. Accordingly, since July 2002 all costs are being expensed as incurred.

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting as we exercise significant influence, but do not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in earnings of unconsolidated joint ventures over 40 years. Under the equity

method of accounting, the net equity investment is reflected on our consolidated balance sheets, and our share of net income or loss from the joint ventures is included on our consolidated statements of operations. The joint venture agreements may designate different percentage allocations among the investors for profits and losses, however our recognition of joint venture income or loss generally follows the joint ventures' distribution priorities, which may change upon the achievement of certain investment return thresholds.

We serve 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, in addition to internal costs.

Revenue Recognition

Base rental revenue is reported on a straight-line basis over the terms of our respective leases. Accrued rental income represents rental income earned in excess of rent payments received pursuant to the terms of the individual lease agreements. We maintain an allowance against accrued rental income for future potential tenant credit losses. The credit assessment is based on the estimated accrued rental income that is recoverable over the term of the lease. We also maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required rent payments. The computation of this allowance is based on the tenants' payment history and current credit status, as well as certain industry or geographic specific credit considerations. If our estimates of collectibility differ from the cash received, the timing and amount of our reported revenue could be impacted. The average remaining term of our in-place tenant leases was approximately 7.2 years as of December 31, 2002. The credit risk is mitigated by the high quality of our tenant base, review of the tenant's risk profile prior to lease execution and continual monitoring of our portfolio to identify potential problem tenants.

Property operating cost reimbursements due from tenants for common area maintenance, real estate taxes and other recoverable costs are recognized in the period that expenses are incurred.

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

Gains on sales of real estate are recognized pursuant to the provisions of SFAS No. 66 "Accounting for Sales of Real Estate." The specific timing of the sale is measured against various criteria in SFAS No. 66 related to the terms of the transactions and any continuing involvement in the form of management or financial assistance associated with the properties. If the sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, installment or cost recovery methods, as appropriate until the sales criteria are met.

Depreciation

We compute depreciation on our properties using the straight line method based on an estimated useful life of 40 years. The portion of the acquisition cost allocated between land and building each property may vary based on estimated land value and other factors. The allocation of the acquisition cost to building and the determination of the useful life are based on management's estimates of the composite life of the building.

Fair Value of Financial Instruments

On a quarterly basis, we calculated the fair value of our mortgage debt and unsecured notes. We discount the spread between the future contractual interest payments and future interest payments on our mortgage debt and unsecured notes based on a current market rate. In determining the current market rate, we add a market spread to the quoted yields on federal government treasury securities with similar maturity dates to our own debt. In addition, we are also required to adjust the carrying values of our derivative contracts on a quarterly basis to its fair value. Because our valuations of our financial instruments are based on these types of estimates, the fair value of our financial instruments may change if our estimates do not turn out to be accurate.

Overview

Notwithstanding a decrease in tenant demand and higher reported vacancy rates, which have been impacted by stagnant job growth and the substantial supply of sub-lease space brought back to market due to overzealous expectations of economic growth which did not materialize, we produced a solid operating performance in 2002, increasing diluted earnings per share, excluding gains on sales of properties, by 13.8% on year-to year basis. Highlights of the 2002 operating performance include:

- completion of major new development projects at 5 Times Square Tower and 111 Huntington Avenue;
- acquisition of 399 Park Avenue in midtown Manhattan;
- opportunistic sale of premier assets in Washington, D.C.; and
- enhancement of capital structure thorough the placement of $750 million investment grade ten year 6.25% notes due 2013.

During 2002, we added 4.5 million net rentable square feet to our portfolio by completing an acquisition totaling approximately $1.06 billion and completing developments totaling approximately $924.0 million. In addition, as of December 31, 2002, we had construction in progress representing a total anticipated investment of approximately $924.0 million and a total of approximately 2.8 million net rentable square feet.

Also in 2002, we sold seven properties and other real estate totaling 1.5 million net rentable square feet. We received gross proceeds from the sale of this real estate of approximately $428.0 million. On the 2.7 million net rentable square feet of second generation space renewed or re-leased during the year, new net rents were on average approximately 6.8% higher than the expiring net rents. At December 31, 2002, our in-service portfolio was 93.9% occupied.

The difficulties and uncertainties characterizing the economy since 2001 still prevail and there is no sign yet of the job growth necessary for increasing office space demand. It is worth noting that, in this real estate cycle, previous over-commitments to space by tenants, particularly among technology companies, had an unprecedented role in subsequently rising vacancy rates while excessive speculative construction played a much lesser role, and that the market responded quickly to declining demand with a halt in almost all new construction. While this bodes well for the future, we do not foresee a significant improvement in the market in 2003. Decreased tenant activity makes it unlikely that occupancy rates will increase this year, and since there will be no shortage of opportunities for tenants, increases in market rents are unlikely, with further declines possible. As a consequence we expect little or no growth in 2003 in the income generated within our portfolio.

One of our focuses for 2003 is completing the leasing of three development projects recently put into service or still under construction. Two suburban projects with 555,000 net rentable square feet in total and base building construction completed, Waltham Weston Corporate Center in Waltham, Massachusetts, and 611 Gateway Center in south San Francisco, California, are impacted by low market demand and will not achieve stabilization for several years. The third project is Times Square Tower, a 47 story, 1.2 million net rentable square foot building currently under construction in New York City at the heart of Times Square. Arthur Andersen had originally been secured as lead tenant for this property, which is now being actively re-marketed after the termination of the Andersen lease in the wake of that firm's demise last year. A 207,000 square foot lease with a major law firm was signed in January 2003, and we are very encouraged by the considerable additional active tenant interest in this property, but with initial occupancy not scheduled until 2004, Times Square Tower will of course not contribute to 2003 earnings.

Our successful issuance of unsecured long- term debt, while beneficial overall in obtaining long-term fixed-rate investment grade debt, will negatively affect earnings for 2003 compared to last year. This fixed rate debt replaced floating rate construction financing in place during 2002 to fund development projects and part of the floating rate bridge financing that initially funded the acquisition

of 399 Park Avenue. Thus our debt in 2003, by the nature of the yield curve, will be at measurably higher interest rates. This matching of long-term fixed rate financing to the long-term duration of our leases represents an appropriately prudent financial structure, but the impact will be some reduction in comparable net income.

Results of Operations

The following discussion is based on our Consolidated Financial Statements for the years ended December 31, 2002, 2001 and 2000.

As of July 1, 2002, we reported the gross operating revenues and expenses associated with our ownership of the hotels by our TRS on a consolidated basis, whereas in the past, we only reported net lease payments and real estate taxes. The reporting of the hotel operations for the year ended December 31, 2002 is not directly comparable to the same period in 2001 and therefore the hotel operating expenses have been netted against hotel revenues for the year ended December 31, 2002 (otherwise entitled "Hotel Net Operating Income") to provide a basis of comparison to prior periods.

As of December 31, 2002 and 2001, we owned 142 properties and 147 properties, respectively (we refer to all of the properties that we own as our "Total Portfolio"). Our property operations, including property management, development and leasing are regionally aligned with the objective of becoming the dominant landlord in our core markets. Management reviews operating and financial data for each property separately and independently from all other properties. Major decisions regarding the allocation of financing, investing, information technology and capital allocation are made in conjunction with the input of senior management located in our corporate headquarters.

As a result of changes in 2002 within 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 31, 2002, 2001 and 2000 show changes resulting from properties that we owned for each period compared (we refer to this comparison as our "Same Property Portfolio" for the applicable period) and the changes attributable to our Total Portfolio.

Comparison of the year ended December 31, 2002 to the year ended December 31, 2001

The table below shows selected operating information for the Same Property Portfolio and the Total Portfolio. The Same Property Portfolio consists of 119 properties, including three hotels and five properties in which we have a joint venture interest, acquired or placed in service on or prior to January 1, 2001 and owned by us through December 31, 2002. The Total Property Portfolio includes the effect of the other properties either placed in service or acquired after January 1, 2001 or disposed of on or prior to December 31, 2002. Our net property operating margins, which are defined as rental

revenues less operating expenses exclusive of the three hotel properties for the year ended December 31, 2002, have ranged between 67% and 70%.

	Same Property Portfolio				Total Portfolio			
	2002	2001	Increase/ (Decrease)	% Change	2002	2001	Increase/ (Decrease)	% Change
	(dollars in thousands)							
Revenue:								
Rental	$ 868,371	$ 855,155	$ 13,216	1.55%	$ 1,166,465	$ 1,000,530	$ 165,935	16.58%
Termination income	7,297	20,215	(12,918)	(63.90)%	7,320	21,640	(14,320)	(66.17)%
Development and management services	—	—	—	—	10,748	12,167	(1,419)	(11.66)%
Interest and other	—	—	—	—	5,504	12,183	(6,679)	(54.82)%
Total revenue	875,668	875,370	298	0.03%	1,190,037	1,046,520	143,517	13.71%
Operating expenses	300,527	290,624	9,903	3.41%	395,075	357,069	38,006	10.64%
Net Operating Income	575,141	584,746	(9,605)	(1.64)%	794,962	689,451	105,511	15.30%
Hotel Net Operating Income	23,284	26,768	(3,484)	(13.02)%	23,284	26,768	(3,484)	(13.01)%
Expenses:								
General and administrative	—	—	—	—	47,292	38,312	8,980	23.44%
Interest	—	—	—	—	271,685	223,389	48,296	21.62%
Depreciation and amortization	135,445	131,476	3,969	3.02%	186,177	149,181	36,996	24.80%
Net derivative losses	—	—	—	—	11,874	26,488	(14,614)	(55.17)%
Loss on investments in other companies	—	—	—	—	4,297	6,500	(2,203)	(33.89)%
Total expenses	135,445	131,476	3,969	3.02%	521,325	443,870	77,455	17.45%
Income before minority interests	$ 462,980	$ 480,038	$ (17,058)	(3.55)%	$ 296,921	$ 272,349	$ 24,572	9.02%
Income from unconsolidated joint ventures	$ 5,225	$ 4,014	$ 1,211	30.17%	$ 7,954	$ 4,186	$ 3,768	90.01%
Gains on sales of real estate, net	$ —	$ —	$ —	—	$ 186,810	$ 6,505	$ 180,305	2771.79%
Income from discontinued operations, net	$ —	$ —	$ —	—	$ 1,135	$ 2,829	$ (1,694)	(59.88)%
Gains on sales of real estate from discontinued operations, net	$ —	$ —	$ —	—	$ 25,345	$ —	$ 25,345	—
Extraodinary items, net	$ —	$ —	$ —	—	$ (1,956)	$ —	$ (1,956)	—
Preferred dividend	$ —	$ —	$ —	—	$ (3,412)	$ (6,592)	$ (3,180)	(48.24)%

Rental Revenue

The increase in rental revenue of $165.9 million in the Total Portfolio, which includes an increase in straight line rent of approximately $23.0 million, primarily relates to new leases signed and in place at December 31, 2002 in connection with the acquisition of Citigroup Center in the second quarter of 2001 and the acquisition of 399 Park Avenue in the third quarter of 2002, the commencement of occupancy at 111 Huntington Avenue in the fourth quarter of 2001 and the placing into service of Five Times Square in the first quarter of 2002. These increased revenue by $194.5 million. This increase was offset by dispositions of properties throughout 2002 and a decrease in occupancy rates from 95.3% at December 31, 2001 to 93.9% at December 31, 2002. Properties sold during 2002 included One and Two Independence Square, 2391 West Winton Avenue, Fullerton Square, and 7600, 7700 and 7702 Boston Boulevard.

Termination Income

The termination income for the year ended December 31, 2002 was primarily related to three tenants in San Francisco who terminated their leases and made termination payments totaling approximately $4.0 million. This compared to termination income received in the prior year related to the early surrender of space of one tenant in New York representing $12.4 million.

Development and Management Services

The decrease in development and management income of $1.4 million primarily resulted from the completion of projects during 2001, including certain third party contracts as well as certain of our joint venture projects. This decrease was offset by development fees earned on a new joint venture project which was started in 2002 as well as an increase in management fees relating to certain of our joint ventures which were placed into service in 2002.

Interest and Other

The decrease in interest and other expenses related to the Total Portfolio is a result of less interest earned due to lower average cash balances maintained and lower interest rates on cash balances during the year ended December 31, 2002 as compared to the year ended December 31, 2001. During the year ended December 31, 2001, the higher average cash balance was attributable to unused proceeds from our public offering of common stock in October 2000.

Operating Expenses

Property operating expenses (real estate taxes, utilities, insurance, repairs and maintenance, cleaning and other property-related expenses) in the Same Property Portfolio increased during the year ended December 31, 2002 primarily due to increases in real estate taxes of $5.2 million, or 5.0%, and increases in insurance of $4.1 million, or 70.6%. The increase in real estate taxes was primarily due to higher property tax assessments. Small increases in the other property operating expenses account for the remaining difference. Additional increases in property operating expenses in the Total Property Portfolio were primarily due to the additions of the Citigroup Center, Five Times Square, 399 Park Avenue and 111 Huntington Avenue properties and other properties that we acquired or placed in service after January 1, 2001. Increases in insurance in the Same Property Portfolio and Total Portfolio are related to increases in rates on existing coverage and the purchase of a separate stand-alone terrorism policy. The office leases include reimbursements from tenants for a portion of these operating expenses. The increases were offset by decreases related to properties that were sold during 2002.

Hotel Net Operating Income

Net operating income for the hotel properties decreased by $3.5 million or approximately 13.0% for the year ended December 31, 2002 compared to the year ended December 31, 2001. Average occupancy and Revenue per Available Room ("REVPAR") for the hotel properties were 80.7% and $146.25, respectively for the year ended December 31, 2002 compared to 80.5% and $158.50, respectively for the prior year. This is related to the general downturn in the economy as well as lasting effects of September 11, 2001.

Other Expenses

General and administrative expenses in the Total Portfolio increased during the year ended December 31, 2002 by $9.0 million, of which $2.8 million related to the write-off in the second quarter of non-recoverable commissions related to the termination of the lease with Arthur Andersen LLP for 620,947 square feet at the Times Square Tower development project. The remaining increase related

primarily to increases in compensation and related expenses, specifically an increase of $3.3 million to bonuses awarded to senior management for the year ended December 31, 2002 as compared to the year ended December 31, 2001, a $1.4 million increase related to a decrease in capitalized wages resulting from decreased development activity in 2002 compared to the year ended December 31, 2001, and a $0.5 million increase in costs incurred related to implementing the requirements of the Sarbanes-Oxley Act of 2002.

In 2003, we transitioned to using solely restricted stock units, as opposed to stock options and restricted stock, awarded under the 1997 Stock Incentive Plan, as amended and restated on January 24, 2000, as our primary vehicle for employee equity compensation. Employees vest in restricted stock unit awards over a five year term. Restricted stock and restricted stock units are measured at fair value on the date of grant based on the number of shares granted and the price of our common stock on the date of grant as quoted on the New York Stock Exchange. Such value is recognized as an expense ratably over the corresponding employee service period. To the extent restricted stock or restricted stock units are forfeited prior to vesting, the corresponding previously recognized expense is reversed as an offset to "Stock-based compensation." Stock-based compensation associated with restricted stock units was $1.2 million during the year ended December 31, 2002. Stock-based compensation associated with approximately $6.1 million of restricted stock units which were granted in January 2003 will be incurred as such restricted stock units vest in years 2006 through 2008.

Interest expense for the Total Portfolio increased as a result of having a higher average outstanding debt balance as compared to the prior period as well as decreased interest capitalization. This was primarily due to placing into service and cessation of interest capitalization on Five Times Square, 111 Huntington Avenue, and 611 Gateway and new debt incurred related to the acquisition of Citigroup Center and 399 Park Avenue. Our total debt outstanding at December 31, 2002 was approximately $5.1 billion, compared to $4.3 billion at December 31, 2001. This was partially offset by a decrease in our weighted average interest rates over the year from 6.57% at December 31, 2001 to 6.03% at December 31, 2002.

Costs directly related to the development of rental properties are capitalized. Capitalized development costs include interest, wages, property taxes, insurance and other project costs incurred during the period of development. Capitalized wages for the year ended December 31, 2002 and 2001 were $5.1 million and $6.6 million, respectively. These costs are not included in the general and administrative expenses discussed above. Interest capitalized for the year ended December 31, 2002 and 2001 was $22.5 million and $59.3 million, respectively. These costs are not included in the interest expense referenced above.

Depreciation and amortization expense for the Total Portfolio increased as a result of the additions of the Citigroup Center, Five Times Square, 111 Huntington Avenue and 399 Park Avenue properties and other properties that we acquired or placed in service after January 1, 2001. The increases were offset by

decreases related to properties that were sold during 2002.

Net derivative losses for the Total Portfolio represent the mark to market of our derivative contracts and payments that were not effective for accounting purposes. During the year ended December 31, 2002, we recognized a reduction in the fair value of our contracts as a result of generally low interest rates. The fair value of our derivative contracts is included on our balance sheet at December 31, 2002.

During the year ended December 31, 2002, we recognized losses on our investments in securities of approximately $4.3 million. This loss was related to the write off of our investment in the securities of a technology company due to the Company's determination that the decline in the fair value of these securities was an other than temporary decline. The loss on investment of $6.5 million for the year ended December 31, 2001 was related to the write off of investments in securities of two technology companies.

Joint Ventures

Income from unconsolidated joint ventures for the Same Property Portfolio increased by $1.2 million for the year ended December 31, 2002. The primary result of the increase is related to the completion of the repositioning of 265 Franklin Street during 2001 as well as receiving preferential returns on certain other joint ventures resulting from the achievement of specified investment return thresholds. The additional increase in the total portfolio is related to the placing in service of One and Two Discovery Square.

Other

Gains on sales of real estate for the year ended December 31, 2002 related to the sale of One and Two Independence Square were not included in discontinued operations, as we have continuing involvement through a third party management agreement.

The decrease in income from discontinued operations for the year ended December 31, 2002 was a result of the properties classified as discontinued operations in accordance with SFAS 144 being sold prior to December 31, 2002, and therefore, we did not recognize a full year of revenues and expenses as we did in the prior year.

Gains on sales of real estate from discontinued operations for the year ended December 31, 2002 related to the gain recognized on the properties that were sold. These properties included Fullerton Square, 2391 West Winton and 7600, 7700 and 7702 Boston Boulevard.

The extraordinary item for the year ended December 31, 2002 related to a debt extinguishment charge we incurred in connection with the prepayment of debt in connection with the sale of our properties.

The decrease in our preferred dividend from $6.6 million for the year ended December 31, 2001 to $3.4 million for the year ended December 31, 2002 was a result of the conversion of 2,000,000 shares of our preferred stock into common stock in July 2002.

Comparison of the year ended December 31, 2001 to the year ended December 31, 2000

The table below shows selected operating information for the Same Property Portfolio and the Total Portfolio. The Same Property Portfolio consists of 115 properties, including three hotels and one property which we own a joint venture interest, acquired or placed in service on or prior to January 1, 2001 and owned by us through December 31, 2002. The Total Property Portfolio includes the effect of the other properties either placed in service or acquired after January 1, 2001 or disposed of on or prior to December 31, 2002. Our net property operating margins, which are defined as rental revenues

less operating expenses exclusive of the three hotel properties for the year ended December 31, 2002, have ranged between 67% and 70%.

	Same Property Portfolio				Total Portfolio			
	2001	2000	Increase/ (Decrease)	% Change	2001	2000	Increase/ (Decrease)	% Change
	(dollars in thousands)							
Revenue:								
Rental	$ 872,746	$ 833,968	$ 38,778	4.65%	$ 1,000,530	$ 865,584	$ 134,946	15.59%
Terminationincome	19,720	3,652	16,068	439.98%	21,640	3,652	17,988	492.55%
Development and management services	—	—	—	—	12,167	11,837	330	2.79%
Interest and other	—	—	—	—	12,183	8,558	3,625	42.36%
Total revenue	892,466	837,620	54,846	6.55%	1,046,520	889,631	156,889	17.64%
Operating expenses	299,272	271,423	27,849	10.26%	357,069	308,886	48,183	15.60%
Net Operating Income	593,194	566,197	26,997	4.77%	689,451	580,745	108,706	18.72%

Hotel Net Operating Income	26,768	29,215	(2,447)	(8.38)%	26,768	29,215	(2,447)	(8.38)%
Expenses:								
General and administrative	—	—	—	—	38,312	35,659	2,653	7.44%
Interest	—	—	—	—	223,389	217,064	6,325	2.91%
Depreciation and amortization	130,998	127,679	3,319	2.60%	149,181	132,223	16,958	12.83%
Net derivative losses	—	—	—	—	26,488	—	26,488	—
Loss on investments in securities	—	—	—	—	6,500	—	6,500	—
Total expenses	130,998	127,679	3,319	2.60%	443,870	384,946	58,924	15.31%
Income before minority interests	$ 488,964	$ 467,733	$ 21,231	4.54%	$ 272,349	$ 225,014	$ 47,335	21.04%
Income from unconsolidated joint ventures	$ 441	$ 573	$ (132)	(23.04)%	$ 4,186	$ 1,758	$ 2,428	138.11%

Revenue

The increase in rental revenue in our Same Property Portfolio is primarily a result of an overall increase in rental rates on new leases and rollovers, an increase in reimbursable operating expenses as well as an increase in termination fees and early surrender income offset by a decrease in occupancy from year to year. Rental revenue is comprised of base rent, including termination fees, recoveries from tenants and parking and other. Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Accrued rental income represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Straight line rent for the year ended December 31, 2001 was $28.0 million compared to $13.1 million for the year ended December 31, 2000. Termination fees and early surrender income increased from $3.7 million for the year ended December 31, 2000 to $21.6 million for the year ended December 31, 2001. Included in the $21.6 million is $12.4 million related to the early surrender of space of a tenant at 875 Third Avenue,

of which approximately $9.2 million has been received to date. We received the remaining amount on a monthly basis through July 2002. The occupancy for our Same Property Portfolio decreased from 98.9% as of December 31, 2000 to 95.8% as of December 31, 2001. Additional increases in rental revenues in our total portfolio are primarily the result of rental revenues earned on properties we acquired or placed in service after January 1, 2000 offset by a decrease in overall occupancy from 98.9% to 95.3%.

The increase in development and management services income in our total portfolio is mainly due to income earned on contracts starting in 2001 and 2000 and an increase of approximately $0.4 million of work order profits earned on the entire portfolio. This was offset by certain management and development contracts ending in 2000 and some reductions in charges for management fees.

The increase in interest and other income in our total portfolio is primarily due to more interest earned as a result of higher average cash balances in 2001 resulting from the remaining proceeds from the public offering in October 2000 offset by lower interest rates.

Operating Expenses

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 $6.0 million, or 2.3%, and increases in utilities of $7.4 million, or 2.9%. Most office leases include reimbursement for these operating expenses. The increase in real estate taxes was primarily due to higher property tax assessments. Small increases in the other property operating expenses account for the remaining difference. Additional increases in property operating expenses in our total portfolio were due to properties we acquired or placed in service after January 1, 2000.

Hotel Net Operating Income

Net operating income for the hotel properties decreased $2.4 million, or approximately 8.4%, for the year ended December 31, 2001 as compared to December 31, 2000. Average occupancy and Revenue per Available Room ("REVPAR") for the hotel properties were 80.5% and $158.5, respectively, for the year ended December 31, 2001 compared to 88.4% and $195.59, respectively, for the prior year. This was a result of a general downturn in the market as well as the events of September 11, 2001.

Other Expenses

General and administrative expenses in our Total Portfolio increased mainly due to an overall increase in payroll due to an increase in the overall size of our Total Portfolio and the number of employees since January 1, 2000 as well as salary increases to employees. We wrote off $1.4 million of abandoned projects in 2001 compared to a $0.7 million write-off in 2000. In addition, the 2001 expense does not include $3.0 million that was included in the prior year related to the departure of two senior employees.

Interest expense for our Total Portfolio increased as a result of having a higher average outstanding debt balance as compared to the prior period. Our debt outstanding at December 31, 2001 was approximately $4.3 billion, compared to $3.4 billion at December 31, 2000. This was partially offset by a decrease in our

weighted average interest rates over the year from 7.37% at December 31, 2000 to 6.57% at December 31, 2001.

Costs directly related to the development of rental properties are capitalized. Capitalized development costs include interest, wages, property taxes, insurance and other project costs incurred during the period of development. Capitalized wages for the years ended December 31, 2001 and 2000 were $6.5 million and $5.1 million, respectively. These costs are not included in the general and administrative expenses discussed above. Interest capitalized for the years ended December 31, 2001 and 2000 was $59.3 million and $37.7 million, respectively. These costs are not included in the interest expense discussed above.

Depreciation and amortization expense for our Same Property Portfolio increased as a result of capital and tenant improvements made during 2001. Additional increases in depreciation and amortization expense for our total portfolio were mainly due to the properties we acquired or placed in service after January 1, 2000 and related capital and tenant improvements.

The net derivative losses incurred during 2001 result from the adoption of Financial Accounting Standard No. 133 ("FAS 133") "Accounting for Derivative Instruments and Hedging Activities" as well as the mark to market of the derivatives subsequent to adoption.

The loss on investments in securities during 2001 resulted from the write down of investments in the securities of two publicly traded telecommunications companies. The Company determined that the decline in the fair value of these securities was other than temporary.

Joint Ventures

Unconsolidated joint venture income increased as a result of income earned on joint venture properties being placed in service during 2001 and income earned on joint venture properties acquired after January 1, 2000.

Liquidity and Capital Resources

The following summary discussion of our cash flows is based on the consolidated statements of cash flows in "Item 8. Financial Statements and Supplementary Data" and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Cash and cash equivalents were $55.3 million and $98.1 million at December 31, 2002 and December 31, 2001, respectively. The decrease was a result of the following increases and decreases in cash flows:

	Year Ended December 31,		
	2002	2001	$ Change
		(in millions)	
Cash Provided by Operating Activities	$ 437,380	$ 419,403	$ 17,977
Cash Used for Investing Activities	$ (1,017,283)	$ (1,303,622)	$ 286,339
Cash Provided by Financing Activities	$ 537,111	$ 701,329	$ (164,218)

Our principal source of cash flow is the operation of our office properties and proceeds from secured and unsecured borrowings. The average term of a tenant lease is approximately 7.2 years with occupancy rates historically in the range of 94% to 98%. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and fund quarterly dividend and distribution payment requirements.

Cash used in investing activities for year ended December 31, 2002 is primarily comprised of the following acquisitions and additions to real estate:

	(in thousands)
Recurring capital expenditures	$ 16,674
Planned non-recurring capital expenditures associated with acquisition properties	31,908
Hotel improvements, equipment upgrades and replacements	3,218
Acquisition of 399 Park Avenue	1,063,000
Development in process and tenant improvements	317,502
Acquisitions/additions to real estate	$ 1,432,302

In addition, we had the following properties under construction at December 31, 2002:

Development Properties	Location	# of Buildings	Square feet	Investment to Date(1)	Anticipated Total Investment	Percentage Leased
Shaws Supermarket	Boston, MA	1	57,235	$ 21,723,021	$ 24,034,000	100%
Waltham Weston Corporate	Waltham, MA	1	304,050	67,711,099	85,000,000	42%

Center						
New Dominion Tech, Building Two	Herndon, VA	1	257,400	9,434,333	67,589,000	100%
Two Freedom Square (50% ownership)	Reston, VA	1	422,930	39,181,217	49,336,000(2)	65%
Times Square Tower	New York, NY	1	1,218,511	366,247,753	653,500,000	0%
901 New York Avenue (25% ownership)	Washington, D.C.	1	538,463	14,004,503	44,777,250(2)	60%
Total Development Properties		6	2,798,589	$ 518,301,926	$ 924,236,250	37%

(1) Includes net revenues during lease-up period and cash component of derivative contracts.

(2) Represents our share of the investment.

In total, our existing construction loans on the above projects have $371.7 million remaining to be drawn out of a total of $702.5 million. Of our remaining commitment of $405.9 million to complete these developments, $368.7 million will be covered under our existing construction loans and $34.2 million from existing cash or draws from our unsecured line of credit.

Cash is used in investing activities to fund acquisitions, development and recurring and nonrecurring capital expenditures. The office of the Executive Vice President for Operations establishes the annual budget for capital improvement projects in consultation with regional management. All new projects require the Executive Vice President for Operations or his designee to approve the capital budget before commencement of work. We selectively invest in new projects which enable us to take advantage of our development skills and invest in existing buildings which meet our stringent investment criteria, with the objective of becoming a dominant landlord in our markets. In September 2002, we purchased 399 Park Avenue which we believe is one of New York City's premier properties. The ability to acquire a property of this caliber is a testament to our competitive advantage of meeting a seller's tight schedule for performing due diligence, negotiating agreements, financing and closing within a month's timeframe. In connection with this acquisition of and as a source of permanent financing for 399 Park Avenue, we executed on a disciplined strategy of re-deploying capital through the sale of some of our premier properties to harvest embedded value.

Cash provided by financing activities decreased $164.2 million for the year ended December 31, 2002. This was due to changes in our existing debt structure, including the paydown of certain construction loans and amounts outstanding on our unsecured revolving line of credit and our unsecured bridge loan. This was offset by the issuance by Boston Properties Limited Partnership of $750 million of unsecured senior notes. Future debt payments are discussed below under the heading "Capitalization."

We draw on multiple financing sources to fund our capital needs. Our line of credit is utilized primarily as a bridge facility to fund acquisition opportunities and meet short term development needs. We fund our new development with construction loans which may be partially guaranteed by Boston Properties Limited Partnership until project completion or lease-up thresholds are achieved. In December 2002, we completed a highly successful initial offering of unsecured investment grade senior notes and have made a commitment to utilize the bond market as a cost-effective financing source, in addition to asset backed mortgage financing and common and preferred equity.

Capitalization

At December 31, 2002, our total consolidated debt was approximately $5.1 billion. The weighted-average annual interest rate on our consolidated indebtedness was 6.03% and the weighted average maturity was approximately 5.4 years.

Our total market capitalization was approximately $9.8 billion at December 31, 2002. Total market capitalization was calculated using the December 31, 2002 closing stock price of $36.86 per share and includes the following: (1) 95,362,990 shares of our common stock, (2) 20,474,241 of common units of Boston Properties Limited Partnership (excluding common units held by Boston Properties, Inc.), (3) an aggregate of 9,201,137 common units issuable upon conversion of all Series One and Series Two preferred units outstanding, and (4) our consolidated debt. Our total consolidated debt at December 31, 2002 represented approximately 52.8% of our total market capitalization.

On July 9, 2002, we issued 1,066,232 shares of our common stock with a fair value of approximately $41.2 million on the date of issuance, as a result of the conversion of an aggregate of 812,469 Series Two and Series Three preferred units of Boston Properties Limited Partnership into 1,066,232 common units of Boston Properties Limited Partnership, which common units we immediately acquired in exchange for an equal number of shares of our common stock. In addition, we issued 2,624,671 shares of our common stock as a result of the conversion of all of our 2,000,000 shares of preferred stock outstanding and we issued 1,566,679 shares of our common stock as a result of our election, as general partner of Boston Properties Limited Partnership, to acquire the common units upon redemption in exchange for an equal number of shares of our common stock.

Debt Financing

The table below summarizes our mortgage notes payable, our senior unsecured notes, our unsecured bridge loan and our revolving line of credit with Fleet National Bank, as agent, at December 31, 2002 and 2001:

	December 31,	
	2002	**2001**

	(dollars in thousands)	
DEBT SUMMARY:		
Balance		
Fixed rate	$ 3,890,196	$ 3,448,903
Variable rate	1,257,024	866,039
Total	$ 5,147,220	$ 4,314,942
Percent of total debt:		
Fixed rate	75.58%	79.93%
Variable rate	24.42%	20.07%
Total	100.00%	100.00%
Weighted average interest rate at end of period:		
Fixed rate	6.99%	7.27%
Variable rate	3.04%	3.77%
Total	6.03%	6.57%

The variable rate debt shown above bears interest based on various spreads over the London Interbank Offered Rate or Eurodollar rates.

Line of Credit

We utilize our $605.0 million unsecured revolving line of credit principally to fund development of properties, land and property acquisitions, and for working capital purposes. Our unsecured revolving line of credit is a recourse obligation of Boston Properties Limited Partnership. Based on terms of the extension discussed below, outstanding balances under the unsecured revolving line of credit bear interest at a floating rate based on an increase over the Eurodollar rate of 70 basis points (145 basis points at December 31, 2002) or the lender's prime rate, at our option. The interest rate is subject to adjustment in the event of a change in the Boston Properties Limited Partnership unsecured debt ratings.

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) an unsecured loan-to-value ratio against our total borrowing base not to exceed 60%, unless our leverage ratio exceeds 60%, in which case it is not to exceed 55%, (2) a secured debt leverage ratio not to exceed 55%, (3) a debt service coverage ratio of 1.40 for our borrowing base, (4) a fixed charge ratio of 1.30 and a debt service coverage ratio of 1.50, (5) a leverage ratio not to exceed 60%, however for five consecutive quarters (not including the two quarters prior to expiration) the leverage ratio can go to 65%, (6) limitations on additional indebtedness and stockholder distributions, and (7) a minimum net worth requirement. If we fail to comply with our financial and other covenants in our revolving line of credit, our lender could place us in default and accelerate the payment of any amounts then outstanding. As of December 31, 2002, we were in compliance with financial restrictions and requirements then applicable.

At December 31, 2002, we had letters of credit totaling $1.9 million outstanding under our unsecured line of credit and an outstanding draw of $146.9 million secured by our property at 875 Third Avenue, and had the ability to borrow an additional $429.2 million under our unsecured revolving line of credit which had a maturity date of March 31, 2003. In January 2003, we extended the maturity date to January 17, 2006 with an additional one-year extension option. The covenants discussed above are those required under our extension agreement. As of February 19, 2003, we had $572.1 million available under our unsecured revolving line of credit.

Unsecured Senior Notes

During the year ended December 31, 2002, we completed an unregistered offering of $750 million in aggregate principal amount of Boston Properties Limited Partnership's 6.25% senior unsecured notes due January 15, 2013. The notes were offered to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act and to certain institutional investors outside of the United States in reliance on Regulation S under the Securities Act. The notes were priced at 99.65% of their principal amount to yield 6.296%. At December 31, 2002, there was $747.4 million aggregated principal amount of the notes outstanding (net of unamortized discount of $2.6 million).

On January 17, 2003, we completed an unregistered offering to qualified institutional investors in reliance on Rule 144A under the Securities Act of an additional $175 million aggregate principal amount of Boston Properties Limited Partnership's 6.25% senior unsecured notes due January 15, 2013. The notes were priced at 99.763% of their principal amount to yield 6.28%. The additional notes are fungible, and form a single series, with the senior notes issued in December 2002.

Our unsecured senior notes are redeemable at our option, in whole or in part, at a redemption price equal to the greater of (i) 100% of their principal amount or (ii) the sum of the present value of the remaining scheduled payments of principal and interest discounted at a rate equal to the yield on U.S. Treasury securities with a comparable maturity plus 35 basis points, in each case plus accrued and unpaid interest to the redemption date. The indenture under which our senior unsecured notes were issued contains restrictions on incurring debt and using our assets as security in other financing transactions and other customary financial and other covenants, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of 1.5, and (4) unencumbered asset value to be no less than 150% of our unsecured debt. As of December 31, 2002, we were in compliance with each of these financial restrictions and requirements.

Under a registration rights agreement with the initial purchasers of our senior unsecured notes, we agreed to use our reasonable best efforts to register with the SEC an offer to exchange new notes issued by us, which we refer to as "exchange notes," for the original notes. The exchange notes will be in the same aggregate principal amount as, and have terms substantially identical to the original notes, but will be freely tradable by the holders, while the original notes are subject to resale restrictions. The exchange offer will not generate any cash proceeds for us. If we are unable to file the exchange offer registration statement by March 10, 2003 or to complete the registered exchange offer by July 7, 2003, we will be obligated to pay additional interest on the notes until the exchange offer is completed or a so-called "shelf" registration statement covering the resale of the original notes by their holders is declared effective. We currently expect to meet these deadlines.

Unsecured Bridge Loan

On September 25, 2002, we obtained unsecured bridge financing totaling $1.0 billion in connection with the acquisition of 399 Park Avenue. During 2002, we repaid approximately $894.3 million with proceeds from the offering of unsecured senior notes and proceeds from the sales of certain real estate properties. At December 31, 2002, the unsecured bridge loan had an outstanding balance of approximately $105.7 million. During January 2003, we repaid all amounts outstanding under our unsecured bridge loan with proceeds from the January 2003 offering of senior unsecured notes.

Mortgage Debt

As of December 31, 2002, our total mortgage notes (excluding our share of unconsolidated joint venture debt described below) consisted of approximately $3.1 billion of fixed rate debt and $1.1 billion of variable rate debt with weighted average interest rates of 6.99% and 3.07% respectively.

The following table sets forth certain information regarding our mortgage notes and bonds payable at December 31, 2002:

Properties	Interest Rate	Principal Amount	Maturity Date
		(in thousands)	
Citigroup Center	7.19%	$ 516,679	May 11, 2011
Embarcadero Center One, Two and Federal Reserve	6.70%	304,734	December 10, 2008
5 Times Square(1)	2.92%	372,905	January 26, 2003
Prudential Center	6.72%	284,389	July 1, 2008
280 Park Avenue	7.64%	265,194	February 1, 2011
599 Lexington Avenue(2)	7.00%	225,000	July 19, 2005
Times Square Tower(3)	3.37%	222,196	November 29, 2004
111 Huntington Avenue(4)	3.19%	203,000	September 27, 2003
Embarcadero Center Four	6.79%	148,774	February 1, 2008
875 Third Avenue(5)	2.89%	146,902	March 31, 2003
Embarcadero Center Three	6.40%	142,460	January 1, 2007
Riverfront Plaza	6.61%	110,910	February 1, 2008
Democracy Center	7.05%	104,298	April 1, 2009
Embarcadero Center West Tower	6.50%	95,059	January 1, 2006
100 East Pratt Street	6.73%	88,652	November 1, 2008
601 and 651 Gateway Boulevard	8.40%	88,485	October 1, 2010
Reservoir Place(6)	6.88%	69,265	November 1, 2006
One & Two Reston Overlook	7.45%	66,726	August 31, 2004
2300 N Street	6.88%	66,000	August 3, 2003
202, 206, 214 Carnegie Center	8.13%	61,833	October 1, 2010
New Dominion Technology Park, Building 1	7.70%	57,549	January 15, 2021
Capital Gallery	8.24%	54,872	August 16, 2006
504,506,508 Carnegie Center	7.39%	46,617	January 1, 2008
Waltham Weston Corporate Center(7)	3.14%	44,840	February 13, 2004
10 and 20 Burlington Mall Road(8)	7.25%	39,257	October 1, 2011
10 Cambridge Center	8.27%	34,708	May 1, 2010
1301 New York Avenue(9)	7.15%	30,540	August 15, 2009
2600 Tower Oaks Boulevard(10)	3.09%	30,218	October 10, 2003
Sumner Square	7.35%	29,736	September 1, 2013
Quorum Office Park(11)	3.07%	28,818	August 25, 2003
Eight Cambridge Center	7.73%	27,490	July 15, 2010
510 Carnegie Center	7.39%	26,707	January 1, 2008

Lockheed Martin Building	6.61%	25,240	June 1, 2008
University Place	6.94%	24,117	August 1, 2021
Reston Corporate Center	6.56%	23,806	May 1, 2008
Orbital Sciences—Building Two(12)	3.03%	23,611	June 13, 2003
181, 191 and 201 Spring Street	8.50%	22,074	September 1, 2006
Shaws Supermarket(13)	2.67%	20,717	September 8, 2003
NIMA Building	6.51%	20,626	June 1, 2008
Bedford Business Park	8.50%	20,591	December 10, 2008
40 Shattuck Road(14)	3.17%	15,939	October 21, 2003
101 Carnegie Center	7.66%	7,751	April 1, 2006
302 Carnegie Center(15)	3.19%	7,594	April 1, 2003

New Dominion Tech 2(16)	2.82%	7,558	December 19, 2005
Montvale Center	8.59%	7,284	December 1, 2006
Hilltop Business Center	6.81%	5,398	March 1, 2019
Total		$ 4,267,119	

(1) Total construction loan in the amount of $420.0 million at a variable rate of Eurodollar + 1.50%. The maturity date can be extended for two one-year periods based on meeting certain conditions. Subsequent to December 31, 2002, we extended the maturity date until January 27, 2004.

(2) 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.

(3) Total construction loan in the amount of $493.5 million at a variable rate of Eurodollar + 1.95%. The maturity date can be extended for one six month period and two one-year periods based on meeting certain conditions.

(4) Total construction loan in the amount of $203.0 million at a variable rate of LIBOR + 1.75%. The maturity date can be extended for a one-year period based on meeting certain conditions. During February 2003, we repaid all amounts outstanding on this construction loan.

(5) During February 2003, we repaid all amounts outstanding on this loan.

(6) The principal amount and interest rate shown has been adjusted to reflect the fair value of the note. The stated principal balance at December 31, 2002 was $63.5 million and the interest rate was 9.65%.

(7) Total construction loan in the amount of $45.0 million at a variable rate of LIBOR + 1.70%. The maturity date can be extended for two one-year periods based on meeting certain conditions. During January 2003, we repaid all amounts outstanding on this construction loan.

(8) Includes outstanding indebtedness secured by 91 Hartwell Avenue.

(9) Includes outstanding principal in the amounts of $19.5 million, $7.3 million and $3.7 million which bear interest at fixed rates of 6.70%, 8.54% and 6.75%, respectively.

(10) Total construction loan in the amount of $32.0 million at a variable rate of LIBOR + 1.65%. The maturity date can be extended for one one-year periods based on meeting certain conditions.

(11) Total construction loan in the amount of $32.3 million at a variable rate of LIBOR + 1.65%. The maturity date can be extended for two one-year periods based on meeting certain conditions. During January 2003, we repaid all amounts outstanding on this construction loan.

(12) Total construction loan in the amount of $25.1 million at a variable rate of Eurodollar + 1.65%. The maturity date can be extended for a one-year period based on meeting certain conditions. During January 2003, we repaid all amounts outstanding on this construction loan.

(13) The maturity date can be extended for a one-year period and a six-month period based on meeting certain conditions.

(14) Total construction loan in the amount of $16.0 million at a variable rate of Eurodollar + 1.75%. The maturity date can be extended for two one-year periods based on meeting certain conditions. During January 2003, we repaid all amounts outstanding on this construction loan.

(15) Total construction loan in the amount of $10.0 million at a variable rate of LIBOR + 1.85%. The maturity date can be extended for two one-year periods based on meeting certain conditions. During January 2003, we repaid all amounts outstanding on this construction loan.

(16) The maturity date can be extended for a one-year period based on meeting certain conditions.

LIBOR and Eurodollar rate contracts in effect on December 31, 2002 ranged from LIBOR/Eurodollar + 1.25% to LIBOR/Eurodollar + 1.95%.

Our mortgage notes payable at December 31, 2002 will mature as follows:

Year	(in thousands)
2003	$ 931,496
2004	411,855
2005	285,387
2006	284,458
2007	182,632
Thereafter	2,171,291

Of the $931.5 million payable during 2003, we have repaid $425.8 during January and February of 2003 with proceeds from our offerings of unregistered senior notes as well as proceeds from sales of properties. In addition, we have extended the maturity date on the 5 Times Square construction loan which had $372.9 million outstanding at December 31, 2002 to December 31, 2004. Of the remaining $132.8 million due in 2003, we expect to fund the payments through cash flows from operations, proceeds from unsecured debt transactions and drawdowns from our revolving unsecured line of credit.

General

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 qualification 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, ground lease payments, 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 and unsecured senior notes 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 other income from 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 also include third party fees generated by our office and industrial real estate management, leasing, development and construction businesses. Consequently, we believe our revenue, together with proceeds from financing activities, will continue to provide the necessary funds for operating expenses, debt service and recurring capital expenditures. However, material changes in these factors may adversely affect our net cash flows. Such changes, in turn, would adversely affect our ability to find distributions, debt service, capital improvements and non-revenue enhancing tenant improvements. In addition, a material adverse change in our cash provided by operations may affect the financial performance covenants under our unsecured line of credit and unsecured senior notes.

Based on leases in place at December 31, 2002, leases with respect to 4.4% of our Class A office buildings will expire in calendar year 2003. Although we are unable to estimate the actual rate of future leases, we believe that the short term expiring leases may be renewed, or space re-let, at lower or the same rents than previously in effect. While we are working to retain our current tenants in situations that are beneficial to us, conditions over the past year, including more sublet space available and decreasing rental rates across the board, make it difficult for us to predict what future changes may be and how they will effect our re-leasing efforts.

During the year ended December 31, 2002, we paid or declared quarterly dividends totaling $2.41 per common share (consisting of $.58 per share related to the quarter ended March 31, 2002 and $.61 per share related to each of the quarters ended June 30, 2002, September 30, 2002 and December 31, 2002). We intend to continue paying dividends quarterly.

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, including refinancing risk on our fixed rate debt. Our primary market risk results from our 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, in part, by attempting to match our long-term leases with long-term fixed rate debt of similar duration. We also utilize certain derivative financial instruments at times to further reduce interest rate risk. Although certain derivative instruments were not effective for accounting purposes, derivatives have been used to convert a portion of our variable rate debt to a fixed rate, or to hedge anticipated financing transactions. Derivatives are used solely for risk management purposes rather than speculation. Approximately 75% of our outstanding debt has fixed interest rates, which minimizes the interest rate risk until the maturity of such outstanding debt.

At December 31, 2002, we had derivative contracts totaling $150 million. The derivative agreements provide for a fixed interest rate of 6.35% when LIBOR is less than 5.80%, 6.70% when LIBOR is between 6.70% and 7.45%, and 7.50% when LIBOR is between 7.51% and 9.0% for terms remaining from one to three years per the individual agreement. We will consider entering into additional derivative agreements with respect to all or a portion of our 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 derivative contracts, decreases in interest rates could increase interest expense as compared to the underlying variable rate debt and could result in us making substantial payments to unwind such agreements.

During the year ended December 31, 2002, in anticipation of issuing fixed rate debt instruments, we entered into treasury lock agreements to hedge against a potential increase in the ten-year treasury rate. Upon the issuance of the fixed rate debt, we paid approximately $3.5 million to terminate the instruments, which amount is being amortized into interest expense over the term of the unsecured senior notes.

At December 31, 2002, our variable rate debt outstanding was approximately $1.3 billion. At December 31, 2002, the average interest rate on variable rate debt was approximately 3.04%. Exclusive of our derivative contracts, if market interest rates on our variable rate debt were to increase by 100 basis points, total interest would have increased approximately $12.6 million for the year ended December 31, 2002.

At December 31, 2001, our variable rate debt outstanding was approximately $866.0 million. At December 31, 2001, the average interest rate on variable rate debt was approximately 3.77%. Exclusive of our derivative contracts, if market interest rates on our variable rate debt were to increase by 100 basis points, total interest would have increased approximately $8.7 million for the year ended December 31, 2001.

These amounts were determined solely by considering the impact of hypothetical interest rates on our financial instruments and not including the effects of our derivative contracts. Due to the uncertainty of specific actions we may undertake to minimize possible effects of market interest rate increases, this analysis assumes no changes in our financial structure.

Funds from Operations

Pursuant to the revised definition of Funds from Operations adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), we calculate Funds from Operations, or "FFO," by adjusting net income (loss) (computed in accordance with accounting principles generally accepted in the United States of America ("GAAP"), including non-recurring items), for gains (or losses) from sales of properties, real estate related depreciation and amortization, and after adjustment for unconsolidated partnerships and joint ventures. In addition to FFO (as defined by NAREIT), we also disclose FFO after specific supplemental adjustments. Although our FFO as adjusted clearly differs from NAREIT's definition of FFO as well that of other real estate companies, we believe it provides a meaningful presentation of our operating performance. In addition, we believe that to further understand our performance, FFO and FFO as adjusted should be compared with our reported net income and cash flows in accordance with GAAP, as presented in our consolidated financial statements.

Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. In addition to presenting FFO in accordance with the NAREIT definition, we make adjustments to FFO, as defined by NAREIT, including net derivative losses and early surrender lease adjustments. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP), as a measure of our liquidity, or as an indicator of our ability to make cash distributions.

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

	Year ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands)				
Income before minority interests and unconsolidated joint venture income	$ 296,921	$ 272,349	$ 225,014	$ 178,555	$ 137,740
Add:					
Real estate depreciation and amortization	192,574	153,550	134,386	119,583	74,649
Income from unconsolidated joint ventures	7,954	4,186	1,758	468	—
Income from discontinued operations	1,384	3,483	3,765	3,817	2,835
Less:					
Minority property partnership's share of funds from operations	(3,223)	(2,322)	(1,061)	(3,681)	(4,185)
Preferred dividends and distributions	(28,711)	(33,312)	(32,994)	(32,111)	(5,830)
Funds from operations	466,899	397,934	330,868	266,631	205,209
Add(subtract):					
Net derivative losses (SFAS No. 133)	11,874	26,488	—	—	—
Early surrender lease adjustment	8,520	(8,518)	—	—	—
Funds from operations before net derivative losses and after early surrender lease adjustment	$ 487,293	$ 415,904	$ 330,868	$ 266,631	$ 205,209
Funds from operations available to common shareholders before net derivative losses and after early surrender lease adjustment	$ 399,489	$ 337,823	$ 247,371	$ 196,101	$ 153,045
Weighted average shares outstanding—basic	93,145	90,002	71,424	66,235	60,776

Reconciliation to Diluted Funds from Operations:

	For the years ended December 31,									
	2002		2001		2000		1999		1998	
	Income (Numerator)	Shares/Units (Denominator)	Income (Numerator)	Shares/Units (Denominator)	Income (Numerator)	Shares/Units (Denominator)	Income (Numerator)	Shares/Units (Denominator)	Income (Numerator)	Shares/Units (Denominator)
	(in thousands)									
Basic Funds from Operations before net derivative losses and after early surrender lease adjustment	$ 487,293	113,617	$ 415,904	110,803	$ 330,868	95,532	$ 266,631	90,058	$ 205,209	81,487
Effect of Dilutive Securities										
Convertible	25,114	9,821	26,720	11,012	26,422	10,393	26,428	10,360	2,819	1,135

Preferred Units										
Convertible Preferred Stock	3,412	1,366	6,592	2,625	6,572	2,625	5,834	2,337	—	—
Stock Options and other	185	1,468	—	1,547	—	1,280	—	541	—	532
Diluted Funds from Operations before net derivative losses and after early surrender lease adjustment	$ 516,004	126,272	$ 449,216	125,987	$ 363,862	109,830	$ 298,893	103,296	$ 208,028	83,154
Diluted Funds from Operations available to common shareholders before net derivative losses and after early surrender lease adjustment(1)	$ 432,345	105,799	$ 375,046	105,185	$ 283,994	85,723	$ 229,961	79,473	$ 156,215	62,443

(1) Our share of diluted funds from operations was 83.79%, 83.49%, 78.05%, 76.94% and 75.09% for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, respectively.

Off Balance Sheet Arrangements

Joint Ventures

We have investments in eight unconsolidated joint ventures with ownership interests ranging from 25 to 51%. We do not have control of these partnerships, and therefore, they are presently accounted for using the equity method of accounting. At December 31, 2002, our share of the debt related to these investments was equal to approximately $236.8 million. The table below summarizes the outstanding debt (based on our respective ownership interests) in these joint venture properties at December 31, 2002:

Properties	Interest Rate	Principal Amount	Maturity Date
		(in thousands)	
Metropolitan Square (51%)	8.23%	69,827	May 1, 2010
Market Square North (50%)	7.70%	48,637	December 19, 2011
Discovery Square (50%)	3.02%(1)	30,949	December 8, 2003
Two Freedom Square (50%)(2)	3.24%(1)	32,853	June 29, 2004
One Freedom Square (25%)	7.75%	18,940	June 30, 2012
265 Franklin Street (35%)	2.74%(1)	18,897	October 1, 2003
140 Kendrick Street (25%)	7.51%	14,061	July 1, 2013
901 New York Avenue (25%)(2)	3.09%(1)	2,643	November 12, 2005
Total	6.17%	$ 236,807	

(1) Variable rate debt.

(2) Under construction at December 31, 2002.

We will have $49.8 million of principal expiring during 2003. We expect to utilize our extension options under both construction loans.

In connection with the development of office properties, we and/or our equity affiliates have agreed to fund the remaining equity capital associated with approved development projects of joint ventures aggregating approximately $143.4 million (of which our share is $40.9 million). These obligations are expected to be financed through new or existing construction loans plus approximately $3.4 million of our equity investment.

Related Party Transactions

Printing Services

We paid Applied Printing Technologies, a printing company affiliated with Mr. Mortimer B. Zuckerman, approximately $80,000 for printing services provided in 2002, principally relating to the printing of the Company's annual report to shareholders. The selection of Applied Printing Technologies as the printer for our annual report to shareholders was made through a bidding process open to multiple printing companies.

Brokerage Activities

Mr. Turchin, a director of Boston Properties, is a non-executive/non-director Vice Chairman of Insignia. Through an arrangement with Insignia that has been in place since 1985, Turchin & Associates, an affiliate of Mr. Turchin, participates in brokerage activities for which Insignia is retained as leasing agent, some of which involve leases for space within buildings owned by us. During the period from the date Mr. Turchin became a member of the Board of Directors of the Company in 1997 through December 31, 2002, Turchin & Associates has advised us that it has received $2.3 million from

Insignia attributable to properties owned by us. Of this amount, $0.7 million (or approximately 30%) is in conjunction with funds we owed to Insignia related to the acquisition of 280 Park Avenue. The total amount that was paid to Turchin & Associates, excluding amounts paid related to obligations assumed in connection with the acquisition of 280 Park Avenue, represents approximately 4.83% of the total amount paid to Insignia by us since the date Mr. Turchin became a director of the Company in 1997. Pursuant to its arrangement with Insignia, Turchin & Associates has confirmed to the Company that it is paid on the same basis with respect to properties owned by us as it is with respect to properties owned by other clients of Insignia. Mr. Turchin does not participate in any discussions or other activities relating to our contractual arrangements with Insignia either in his capacity as a member of our Board of Directors or as a Vice Chairman of Insignia.

Leasing Commissions

A joint venture in which we have a 50% interest, paid aggregate leasing commissions in 2002 of approximately $571,000 to a firm controlled by Mr. Raymond A. Ritchey's brother. Mr. Ritchey is an Executive Vice President of the Company. The terms of the related agreement are at least as favorable to us as arrangements with other brokers in comparable markets.

Environmental Matters

It is our policy to retain independent environmental consultants 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 with respect to our properties. These pre-purchase environmental assessments have not revealed environmental conditions that we believe will have a material adverse effect on our business, assets or results of operations, and we are not otherwise aware of environmental conditions with respect to our properties which we believe would have such a material adverse effect. However, from time to time pre-existing environmental conditions at our properties have required environmental testing and/or regulatory filings.

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 recently completed development of an office park on the property. Our affiliate engaged a specially licensed environmental consultant to oversee the management of contaminated soil and groundwater that was disturbed in the course of construction. Pursuant to the property acquisition agreement, Exxon 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. Any indemnity claim may be subject to various defenses.

Environmental investigations at two of our properties in Massachusetts have identified groundwater contamination migrating from off-site source properties. In both cases we engaged a specially licensed environmental consultant to perform the necessary investigations and assessments and to prepare submittals to the state regulatory authority, including Downgradient Property Status Opinions. The environmental consultant concluded that the properties qualify for Downgradient Property Status under the state regulatory program, which eliminates certain deadlines for conducting response actions at a site. We also believe that these properties qualify for liability relief under certain statutory amendments regarding upgradient releases. 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 addressing the identified groundwater contamination, we will take necessary further response actions (if any are required). No such additional response actions are anticipated at this time.

One of our affiliates recently acquired a property in Massachusetts where historic groundwater contamination was identified prior to acquisition. We engaged a specially licensed environmental consultant to perform investigations and to prepare necessary submittals to the state regulatory authority. The environmental consultant has concluded that (1) certain identified groundwater contaminants are migrating to the subject property from an off-site source property and (2) certain other detected contaminants are likely related to a historic release on the subject property. We have filed a Downgradient Property Status Opinion (described above) with respect to contamination migrating from off-site. The consultant has recommended conducting additional investigations, including the installation of off-site monitoring wells, to determine the nature and extent of contamination potentially associated with the historic use of the subject property. Our affiliate has authorized such additional investigations and will take necessary further response actions (if any are required).

Some of our properties and certain properties owned by our affiliates are located in urban, industrial and other previously developed areas where fill or current or historical uses of the areas have caused site contamination. Accordingly, it is sometimes necessary to institute special soil and/or groundwater handling procedures in connection with construction and other property operations in order to achieve regulatory closure and ensure that contaminated materials are addressed in an appropriate manner. In these situations it is our practice to investigate the nature and extent of detected contamination and estimate the costs of required response actions and special handling procedures. We then use this information as part of our decision-making process with respect to the acquisition and/or development of the property. For example, we recently acquired a parcel in Massachusetts, formerly used as a quarry/asphalt batching facility, which we may develop in the future. Pre-purchase testing indicated that the site contains relatively low levels of certain contaminants. We have engaged a specially licensed environmental consultant to perform an environmental risk characterization and prepare all necessary regulatory submittals. We anticipate that additional response actions necessary to achieve regulatory closure (if any) will be performed in concert with future construction activities. When appropriate, closure documentation will be submitted for public review and comment pursuant to the state regulatory authority's public information process.

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

Newly Issued Accounting Standards

In June 2001, the FASB issued SFAS 141, Business Combinations, and SFAS 142, Goodwill and Other Intangible Assets. The provisions of SFAS 141 apply to all business combinations initiated after June 30, 2001. SFAS 142 becomes effective beginning January 1, 2002. We adopted both these pronouncements for the year ended December 31, 2002 and neither had a material impact on our results of operations, financial position or liquidity.

In August 2001, the FASB issued SFAS 143, Accounting for Asset Retirement Obligations. SFAS 143 requires an entity to record a liability for an obligation associated with the retirement of an asset at the time the liability is incurred by capitalizing the cost as part of the carrying value of the related asset and depreciating it over the remaining useful life of that asset. The standard is effective beginning January 1, 2003. The changes required by SFAS 143 are not expected to have a material impact on our results of operations, financial position or liquidity.

SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued in October 2001 and addresses how and when to measure impairment on long-lived assets and how to account for long-lived assets that an entity plans to dispose of either through sale, abandonment, exchange, or distribution to owners. The statement's provisions supersede SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which addressed

asset impairment, and certain provisions of APB Opinion 30 related to reporting the effects of the disposal of a business segment and requires expected future operating losses from discontinued operations to be recorded in the period in which the losses are incurred rather than the measurement date. Under SFAS 144, more dispositions may qualify for discontinued operations treatment in the income statement. The provisions of SFAS 144 became effective on January 1, 2002, and did not have a material impact on results of operations, financial position, or liquidity.

In April 2002, the FASB issued SFAS 145, which updates, clarifies, and simplifies certain existing accounting pronouncements beginning at various dates in 2002 and 2003. The statement rescinds SFAS 4 and SFAS 64, which required net gains or losses from the extinguishment of debt to be classified as an extraordinary item in the income statement. We anticipate that these gains and losses will no longer be classified as extraordinary as they are not unusual and infrequent in nature. The changes required by SFAS 145 are not expected to have a material impact on our results of operations, financial position, or liquidity.

SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities," was issued in July 2002 and becomes effective for us beginning January 1, 2003. This statement requires a cost associated with an exit or disposal activity, such as the sale or termination of a line of business, the closure of business activities in a particular location, or a change in management structure, to be recorded as a liability at fair value when it becomes probable the cost will be incurred and no future economic benefit will be gained by the company for such termination costs, and costs to consolidate facilities or relocate employees. SFAS 146 supersedes EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," which in some cases required certain costs to be recognized before a liability was actually incurred. The adoption of this standard is not expected to have a material impact on our results of operations, financial position, or liquidity.

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," which provides guidance on how to transition from the intrinsic value method of accounting for stock-based employee compensation under APB 25 to SFAS 123's fair value method of accounting, if a company so elects. The adoption of this standard is not expected to have a material impact on our results of operations, financial position or liquidity.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 clarifies the requirements of SFAS 5, Accounting for Contingencies, relating to guarantees. In general, FIN 45 applies to contracts or indemnification agreements that contingently require the guarantor to make payments to the guaranteed party based on changes in an underlying that is related to an asset, liability, or equity security of the guaranteed party. The disclosure requirements of FIN 45 are effective to us as of December 31, 2002, and require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of FIN 45 are to be applied prospectively to guarantees issued or modified after December 31, 2002. We do not expect the requirements of FIN 45 to have a material impact on results of operations, financial position, or liquidity.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, noncontrolling interests, and results of operations of a VIE need to be included in a company's consolidated financial

statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation became effective upon issuance. We do not believe the adoption of the interpretation will have a material impact on results of operations, financial position, or liquidity.

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 $3.9 billion of our borrowings 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 our aggregate fixed rate debt obligations with corresponding weighted average interest rates sorted by maturity date and our aggregate variable rate debt obligations sorted by maturity date.. The interest rate on the variable rate debt as of December 31, 2002 ranged from LIBOR or Eurodollar plus 1.25% to LIBOR or Eurodollar plus 1.95%.

	2003	2004	2005	2006	2007	2008+	Total	Fair Value
				Secured debt				
Fixed Rate	$ 112,010	$ 114,601	$ 277,829	$ 284,458	$ 182,632	$ 2,171,291	$ 3,142,821	$ 3,301,000
Average Interest Rate	7.03%	7.36%	7.05%	7.79%	6.59%	7.15%	7.17%	
Variable Rate	$ 819,486	$ 297,254	$ 7,558	—	—	—	$ 1,124,298	$ 1,124,298
				Unsecured debt				

Fixed Rate	—	—	—	—	—	$ 747,375	$ 747,375	$ 761,700
Average Interest Rate	—	—	—	—	—	6.25%	6.25%	
Variable Rate	$ 132,726	—	—	—	—	—	$ 132,726	$ 132,726

During the year ended December 31, 2002, we had derivative contracts totaling $150 million. The derivative agreements provide for a fixed interest rate of 6.35% when LIBOR is less than 5.80%, 6.70% when LIBOR is between 6.70% and 7.45%, and 7.50% when LIBOR is between 7.51% and 9.00% for terms remaining of one to three years in accordance with the terms of the individual agreement. In accordance with FAS 133 "Accounting for Derivative Instruments and Hedging Activities," the derivative agreements are reflected at their fair market value, which was a liability of $14.5 million at December 31, 2002.

Additional disclosure about market risk is incorporated herein by reference from Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in the market risk section.

Item 8. ***Financial Statements and Supplementary Data***

See "Index to Financial Statements" on page 71 of 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 our 2003 Annual Meeting of 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 our 2003 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. ***Security Ownership of Beneficial Owners and Management***

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders(1)	11,989,413(2)	$ 34.80(3)	3,192,911
Equity compensation plans not approved by security holders(4)	N/A	N/A	216,647
Total	11,989,413	$ 34.80	3,409,558

(1) Includes information related to our 1997 Stock Option and Incentive Plan.

(2) Does not include 132,414 shares of restricted stock as they have been reflected in our total shares outstanding.

(3) Does not include outstanding deferred stock awards granted to members of the board of directors as there is no associated exercise price.

(4) Includes information related to the 1999 Non-Qualified Employee Stock Purchase Plan.

The 1999 Non-Qualified Employee Stock Purchase Plan (the "ESPP")

The ESPP was adopted by the Board of Directors on October 29, 1998. The ESPP has not been approved by our shareholders. The ESPP is available to all employees of the Company that are employed on the first day of the purchase period. Under the ESPP, each eligible employee may purchase shares of our common stock at semi-annual intervals each year at a purchase price equal to 85% of the average closing prices of Boston Properties common stock on the New York Stock Exchange during the last ten business days of the purchase period. Each eligible employee may contribute no more than $10,000 per year to purchase Boston Properties common stock under the ESPP.

Additional information concerning our directors and executive officers required by Item 12 shall be included in the Proxy Statement to be filed relating to our 2003 Annual Meeting of 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 our 2003 Annual Meeting of our stockholders and is incorporated herein by reference.

Item 14. ***Controls and Procedures***

(a) Evaluation of disclosure controls and procedures.

As required by new Rule 13a-15 under the Securities Exchange Act of 1934, within the 90 days prior to the date of this report, the Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Change in internal controls.

None.

Item 15. ***Exhibits, Financial Statement Schedule and Reports on Form 8-K***

(a) Financial Statements and Financial Statement Schedule

See "Index to Financial Statements" on page 71 of this Form 10-K.

(b) Reports on Form 8-K

We filed a report on Form 8-K on January 23, 2002 which included information regarding Item 5. We filed this Form 8-K in connection with our press release relating to our fourth quarter 2001 earnings and information presented to investors and analysts.

We filed a report on Form 8-K on April 24, 2002 which included information regarding Item 5. We filed this Form 8-K in connection with our press release relating to our first quarter 2002 earnings and information presented to investors and analysts.

We filed a report on Form 8-K on July 24, 2002 which included information regarding Item 5. We filed this Form 8-K in connection with our press release relating to our second quarter 2002 earnings and information presented to investors and analysts.

We filed a report on Form 8-K on August 15, 2002 which included information regarding Item 9. The Form 8-K was filed in connection with the certification of our 10-Q for the quarter ended June 30, 2002 by our CEO and CFO.

We filed a report on Form 8-K on October 8, 2002 (as amended by Form 8-K/A filed on December 4, 2002 and December 13, 2002) which included information regarding Item 2, 5 and 7. Included in Item 7 was pro forma information and exhibits. The Form 8-K was filed in connection with our acquisition of 399 Park Avenue.

We filed a report on Form 8-K on October 23, 2002 which included information regarding Item 5. We filed this Form 8-K in connection with our press release relating to our third quarter 2002 earnings and information presented to investors and analysts.

We filed a report on Form 8-K on November 7, 2002 which included information regarding Item 5. The Form 8-K was filed in connection with information presented to investors and analysts.

We filed a report on Form 8-K on November 15, 2002 which included information regarding Item 5. The Form 8-K was filed in connection with the re-issuance of our 10-K due to the adoption of FASB 144.

We filed a report on Form 8-K on December 5, 2002 which included information regarding Item 5. The Form 8-K was filed in connection with the commencement of our Rule 144A offering of senior unsecured notes.

We filed a report on Form 8-K on December 11, 2002 which included information regarding Item 5. The Form 8-K was filed in connection with the commencement of our Rule 144A offering of senior unsecured notes.

(c) Exhibits

Exhibit No.	Description
3.1	Form of Amended and Restated Certificate of Incorporation of Boston Properties, Inc.(1)
3.2	Form of Amended and Restated Bylaws of Boston Properties, Inc.(1)
3.3	Amendment No. 1 to Amended and Restated Bylaws of Boston Properties, Inc.(5)
4.1	Form of Shareholder Rights Agreement dated as of June, 1997 between Boston Properties, Inc. and BankBoston, N.A., as Rights Agent.(1)
4.2	Form of Certificate of Designation for Series E Junior Participating Cumulative Preferred Stock, par value $.01 per share.(1)
4.3	Form of Certificate of Designations for the Series A Preferred Stock.(4)
4.4	Form of Common Stock Certificate.(1)
4.5	Indenture by and between Boston Properties Limited Partnership and The Bank of New York, as Trustee, dated as of December 13, 2002.(11)
4.6	Supplemental Indenture No. 1 by and between Boston Properties Limited Partnership and The Bank of New York, as Trustee, dated as of December 13, 2002, including a form of the 6.25% Senior Note due 2013.(11)
4.7	Supplemental Indenture No. 2 by and between Boston Properties Limited Partnership and The Bank of New York, as Trustee, dated as of January 17, 2003, including a form of the 6.25% Senior Note due 2013.(12)
10.1	Second Amended and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership, dated as of June 29, 1998.(2)
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.(2)
10.3	Certificate of Designations for the Series Two Preferred Units, dated November 12, 1998, constituting an amendment to the Second Amendment and Restated Agreement of Limited Partnership of Boston Properties Limited Partnership.(4)
10.4	Amended and Restated 1997 Stock Option and Incentive Plan dated May 3, 2000 and forms of option agreements.(7)
10.5	Amendment #1 to Amended and Restated 1997 Stock Option and Incentive Plan dated November 14, 2000. (7)
10.6	Boston Properties Deferred Compensation Plan effective March 1, 2002(9)
10.7	Employment Agreement by and between Mortimer B. Zuckerman and Boston Properties, Inc. dated as of January 17, 2003.
10.8	Amended and Restated Employment Agreement by and between Edward H. Linde and Boston Properties, Inc. dated as of November 29, 2002.
10.9	Amended and Restated Employment Agreement by and between Robert E. Burke and Boston Properties, Inc. dated as of November 29, 2002.
10.10	Employment Agreement by and between Bryan J. Koop and Boston Properties, Inc. dated as of November 29, 2002.
10.11	Employment Agreement by and between Mitchell S. Landis and Boston Properties, Inc. dated as of November 26, 2002.
10.12	Employment Agreement by and between Douglas T. Linde and Boston Properties, Inc. dated as of November 29, 2002.
10.13	Employment Agreement by and between E. Mitchell Norville and Boston Properties, Inc. dated as of November 29, 2002.
10.14	Employment Agreement by and between Robert E. Pester and Boston Properties, Inc. dated as of December 16, 2002.
10.15	Amended and Restated Employment Agreement by and between Raymond A. Ritchey and Boston Properties, Inc. dated as of November 29, 2002.

10.16	Amended and Restated Employment Agreement by and between Robert E. Selsam and Boston Properties, Inc. dated as of November 29, 2002.
10.17	Senior Executive Severance Agreement by and among Boston Properties, Inc., Boston Properties Limited Partnership and Mortimer B. Zuckerman.
10.18	Senior Executive Severance Agreement by and among Boston Properties, Inc., Boston Properties Limited Partnership and Edward H. Linde.
10.19	Boston Properties, Inc. Senior Executive Severance Plan.
10.20	Boston Properties, Inc. Executive Severance Plan.
10.21	Form of Indemnification Agreement between Boston Properties, Inc. and each of its directors and executive officers.(1)
10.22	Omnibus Option Agreement by and among Boston Properties Limited Partnership and the Grantors named therein dated as of April 9, 1997.(1)
10.23	Third Amended and Restated Revolving Credit Agreement with Fleet National Bank, as agent, dated as of January 17, 2003.
10.24	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.(1)
10.25	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.(1)
10.26	Form of Certificate of Incorporation of Boston Properties Management, Inc.(1)
10.27	Form of By-laws of Boston Properties Management, Inc.(1)
10.28	Form of Limited Liability Company Agreement of ZL Hotel LLC.(1)
10.29	Indemnification Agreement between Boston Properties Limited Partnership and Mortimer B. Zuckerman and Edward H. Linde.(1)
10.30	Compensation Agreement between Boston Properties, Inc. and Robert Selsam, dated as of August 10, 1995

	relating to 90 Church Street.(1)
10.31	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.(2)
10.32	Contribution Agreement, dated June 30, 1998, by and among Boston Properties, Inc., Boston Properties Limited Partnership, and the parties named therein as Landis Parties.(2)
10.33	Non-Competition Agreement, dated as of June 30, 1998, by and between Alan B. Landis and Boston Properties, Inc.(2)
10.34	Agreement Regarding Directorship, dated as of June 30, 1998, by and between Boston Properties, Inc. and Alan B. Landis.(2)
10.35	Purchase and Sale Agreement, dated May 7, 1998, by and between The Prudential Insurance Company of America and Boston Properties Limited Partnership.(3)
10.36	Contribution Agreement, dated as of May 7, 1998, by and between The Prudential Insurance Company of America and Boston Properties Limited Partnership.(3)
10.37	Purchase and Sale Agreement, dated as of November 12, 1998, by and between Two Embarcadero Center West and BP OFR LLC.(4)
10.38	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.(4)
10.39	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.(4)

10.40	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.(4)
10.41	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.(4)
10.42	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.(4)
10.43	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.(4)
10.44	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.(4)
10.45	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.(4)
10.46	Note Purchase Agreement, dated as of November 12, 1998, by and between Prudential Realty Securities, Inc. and One Embarcadero Center Venture.(4)
10.47	Note Purchase Agreement, dated as of November 12, 1998, by and between Prudential Realty Securities, Inc. and Embarcadero Center Associates.(4)
10.48	Note Purchase Agreement, dated November 12, 1998, by and between Prudential Realty Securities, Inc. and Three Embarcadero Center Venture.(4)
10.49	Note Purchase Agreement, dated November 12, 1998, by and between Prudential Realty Securities, Inc. and Four Embarcadero Center Venture.(4)
10.50	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.(4)
10.51	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.(4)
10.52	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.(4)
10.53	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.(4)
10.54	Option and Put Agreement, dated as of November 12, 1998, by and between One Embarcadero Center Venture and The Prudential Insurance Company of America.(4)
10.55	Option and Put Agreement, dated as of November 12, 1998, by and between Embarcadero Center Associates and The Prudential Insurance Company of America.(4)

10.56	Option and Put Agreement, dated as of November 12, 1998, by and between Three Embarcadero Center Venture and The Prudential Insurance Company of America.(4)
10.57	Option and Put Agreement, dated as of November 12, 1998, by and between Four Embarcadero Center Venture and The Prudential Insurance Company of America.(4)
10.58	Stock Purchase Agreement, dated as of September 28, 1998, by and between Boston Properties, Inc. and

	The Prudential Insurance Company of America.(4)
10.59	Master Agreement by and between New York State Common Retirement Fund and Boston Properties Limited Partnership, dated as of May 12, 2000.(7)
10.60	Contract of Sale, dated as of February 6, 2001, by and between Dai-Ichi Life Investment Properties, Inc., as seller, and Skyline Holdings LLC, as purchaser.(8)
10.61	Agreement to Enter Into Assignment and Assumption of Unit Two Contract of Sale, dated as of February 6, 2001, by and between Dai-Ichi Life Investment Properties, Inc., as assignor, and Skyline Holdings II LLC, as assignee.(8)
10.62	Contract of Sale, dated as of November 22, 2000, by and between Citibank, N.A., as seller, and Dai-Ichi Life Investment Properties, Inc., as purchaser.(8)
10.63	Assignment and Assumption Agreement, dated as of April 25, 2001, by and between Skyline Holdings LLC, as assignor, and BP/CGCenter I LLC, as assignee.(8)
10.64	Assignment and Assumption Agreement, dated as of April 25, 2001, by and between Skyline Holdings II LLC, as assignor, and BP/CGCenter II LLC, as assignee.(8)
10.65	Assignment and Assumption of Contract of Sale, dated as of April 25, 2001, by and among Dai-Ichi Life Investment Properties, Inc., as assignor, BP/CGCenter II LLC, as assignee, and Citibank, N.A., as seller.(8)
10.66	Amended and Restated Operating Agreement of BP/CGCenter Acquisition Co. LLC, a Delaware limited liability company.(8)
10.67	Purchase and Sale Agreement by and between Citibank, N.A. and BP 399 Park Avenue LLC, dated as of August 28, 2002.(10)
10.68	Credit Agreement by and among Boston Properties Limited Partnership, BP 399 Park Avenue LLC, certain other subsidiaries of Boston Properties Limited Partnership and the banks and others that are parties thereto, dated as of September 25, 2002.(10)
21.1	Schedule of Subsidiaries of Boston Properties, Inc.
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. 333-25279)

(2) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on July 15, 1998.

(3) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on July 17, 1998.

(4) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on November 25, 1998.

(5) Incorporated herein by reference to Boston Properties, Inc.'s Annual Report on Form 10-K filed on March 24, 2000.

(6) Incorporated herein by reference to Boston Properties, Inc.'s Quarterly Report on Form 10-Q filed on May 15, 2000.

(7) Incorporated herein by reference to Boston Properties, Inc.'s Annual Report on Form 10-K filed on March 30, 2001.

(8) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on May 10, 2001.

(9) Incorporated herein by reference to Boston Properties, Inc.'s Quarterly Report on Form 10-Q filed on May 15, 2002.

(10) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on October 8, 2002.

(11) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K/A filed on December 13, 2002.

(12) Incorporated herein by reference to Boston Properties, Inc.'s Current Report on Form 8-K filed on January 23, 2002.

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

February 25, 2003

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.

February 25, 2003

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

CERTIFICATION

I, Edward H. Linde, certify that:

1. I have reviewed this annual report on Form 10-K of Boston Properties, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: February 25, 2003

/s/ EDWARD H. LINDE

Edward H. Linde
Chief Executive Officer

CERTIFICATION

I, Douglas T. Linde, certify that:

1. I have reviewed this annual report on Form 10-K of Boston Properties, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: February 25, 2003

/s/ DOUGLAS T. LINDE

Douglas T. Linde
Chief Financial Officer

BOSTON PROPERTIES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Boston Properties, Inc. (the "Company") at December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

As discussed in Note 21 to the consolidated financial statements, the Company, on January 1, 2001, adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended and interpreted. Also, as discussed in Note 22 to the consolidated financial statements, on January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 21, 2003

BOSTON PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2001
	(in thousands, except for share and par value amounts)	
ASSETS		
Real estate:	$ 8,670,711	$ 7,457,906
Less: accumulated depreciation	(822,933)	(719,854)
Total real estate	7,847,778	6,738,052
Cash and cash equivalents	55,275	98,067
Cash held in escrows	41,906	23,000
Investments in securities	—	4,297
Tenant and other receivables (net of allowance for doubtful accounts of $3,682 and $2,394, respectively)	20,458	43,546
Accrued rental income (net of allowance of $5,000 and $3,300, respectively)	165,321	119,494
Deferred charges, net	176,545	107,573
Prepaid expenses and other assets	18,015	20,996
Investments in unconsolidated joint ventures	101,905	98,485
Total assets	$ 8,427,203	$ 7,253,510
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$ 4,267,119	$ 4,314,942
Unsecured senior notes (net of discount of $2,625)	747,375	—
Unsecured bridge loan	105,683	—
Unsecured line of credit	27,043	—
Accounts payable and accrued expenses	73,846	81,108
Dividends and distributions payable	81,226	79,561
Interest rate contracts	14,514	11,147
Accrued interest payable	25,141	9,080
Other liabilities	81,085	58,859
Total liabilities	5,423,032	4,554,697
Commitments and contingencies	—	—
Minority interests	844,581	844,740
Series A Convertible Redeemable Preferred Stock, liquidation preference $50.00 per share, 0 and 2,000,000 shares issued and outstanding in 2002 and 2001, respectively	—	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, 95,441,890 and 90,859,491 issued and 95,362,990 and 90,780,591 outstanding in 2002 and 2001, respectively	954	908
Additional paid-in capital	1,982,689	1,789,521
Earnings in excess of dividends (dividends in excess of earnings)	198,586	(17,669)
Treasury common stock, at cost	(2,722)	(2,722)
Unearned compensation	(2,899)	(2,097)
Accumulated other comprehensive loss	(17,018)	(13,868)
Total stockholders' equity	2,159,590	1,754,073
Total liabilities and stockholders' equity	$ 8,427,203	$ 7,253,510

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Year Ended December 31,

	2002	2001	2000
	(In thousands, except for per share amounts)		
Revenue			
Rental:			
Base rent	$ 978,382	$ 843,147	$ 710,842
Recoveries from tenants	144,576	127,024	107,502
Parking and other	50,827	51,999	50,892
Total rental revenue	1,173,785	1,022,170	869,236
Hotel revenue	44,786	—	—
Development and management services	10,748	12,167	11,837
Interest and other	5,504	12,183	8,558
Total revenue	1,234,823	1,046,520	889,631
Expenses			
Operating			
Rental	385,491	330,301	279,671
Hotel	31,086	—	—
General and administrative	47,292	38,312	35,659
Interest	271,685	223,389	217,064
Depreciation and amortization	186,177	149,181	132,223
Net derivative losses	11,874	26,488	—
Losses on investments in securities	4,297	6,500	—
Total expenses	937,902	774,171	664,617
Income before minority interests in property partnerships, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains (losses) on sales of real estate and land held for development, discontinued operations, extraordinary items, cumulative effect of a change in accounting principle and preferred dividend	296,921	272,349	225,014
Minority interests in property partnerships	2,065	1,085	(932)
Income from unconsolidated joint ventures	7,954	4,186	1,758
Income before minority interest in Operating Partnership, gains (losses) on sales of real estate and land held for development, discontinued operations, extraordinary items, cumulative effect of a change in accounting principle and preferred dividend	306,940	277,620	225,840
Minority interest in Operating Partnership	(77,524)	(74,739)	(75,088)
Income before gains (losses) on sales of real estate and land held for development, discontinued operations, extraordinary items, cumulative effect of a change in accounting principle and preferred dividend	229,416	202,881	150,752
Gains (losses) on sales of real estate, net of minority interest	186,810	6,505	(234)
Gains on sales of land held for development, net of minority interest	3,633	2,584	—
Income before discontinued operations, extraordinary items, cumulative effect of a change in accounting principle and preferred dividend	419,859	211,970	150,518
Discontinued operations:			
Income from discontinued operations, net of minority interest	1,135	2,829	2,814
Gains on sales of real estate from discontinued operations, net of minority interest	25,345	—	—
Income before extraordinary items, cumulative effect of a change in accounting principle and preferred dividend	446,339	214,799	153,332
Extraordinary items, net of minority interest	(1,956)	—	(334)
Income before cumulative effect of a change in accounting principle and preferred dividend	444,383	214,799	152,998
Cumulative effect of a change in accounting principle, net of minority interest	—	(6,767)	—
Net income before preferred dividend	444,383	208,032	152,998
Preferred dividend	(3,412)	(6,592)	(6,572)
Net income available to common shareholders	$ 440,971	$ 201,440	$ 146,426
Basic earnings per common share:			
Income available to common shareholders before discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$ 4.47	$ 2.28	$ 2.01
Discontinued operations, net of minority interest	0.28	0.03	0.04
Extraordinary items, net of minority interest	(0.02)	—	—
Cumulative effect of a change in accounting principle, net of minority interest	—	(0.07)	—
Net income available to common shareholders	$ 4.73	$ 2.24	$ 2.05
Weighted average number of common shares outstanding	93,145	90,002	71,424
Diluted earnings per common share:			
Income available to common shareholders before discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$ 4.40	$ 2.23	$ 1.97
Discontinued operations, net of minority interest	0.28	0.03	0.04
Extraordinary items, net of minority interest	(0.02)	—	—
Cumulative effect of a change in accounting principle, net of minority interest	—	(0.07)	—

Net income available to common shareholders	$ 4.66	$ 2.19	$ 2.01
Weighted average number of common and common equivalent shares outstanding	94,612	92,200	72,741

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock		Additional Paid-in Capital	Earnings in excess of Dividends	Treasury Stock, at cost	Unearned Compensation	Accumulated Other Comprehensive Loss	Total
	Shares	Amount						
Stockholders' Equity, December 31, 1999	67,910	$ 679	$ 1,067,778	$ (10,893)	$ —	$ —	$ —	$ 1,057,564
Sale of Common Stock net of offering costs	17,110	171	633,591	—	—	—	—	633,762
Unregistered Common Stock issued	439	4	18,156	—	—	—	—	18,160
Conversion of operating partnership units to Common Stock	614	6	20,239	—	—	—	—	20,245
Allocation of minority interest	—	—	(85,809)	—	—	—	—	(85,809)
Net income for the year	—	—	—	146,426	—	—	—	146,426
Dividends declared	—	—	—	(149,428)	—	—	—	(149,428)
Shares issued pursuant to stock purchase plan	11	—	374	—	—	—	—	374
Stock options exercised	511	5	17,961	—	—	—	—	17,966
Issuance of restricted stock	35	1	1,059	—	—	(1,060)	—	—
Amortization of restricted stock award	—	—	—	—	—	212	—	212
Unrealized holding losses	—	—	—	—	—	—	(11,745)	(11,745)
Stockholders' Equity, December 31, 2000	86,630	866	1,673,349	(13,895)	—	(848)	(11,745)	1,647,727
Conversion of operating partnership units to Common Stock	3,765	38	149,588	—	—	—	—	149,626
Allocation of minority interest	—	—	(47,852)	—	—	—	—	(47,852)
Net income for the year	—	—	—	201,440	—	—	—	201,440
Dividends declared	—	—	—	(205,214)	—	—	—	(205,214)
Shares issued pursuant to stock purchase plan	8	—	213	—	—	—	—	213
Stock options exercised	412	4	12,396	—	—	—	—	12,400
Treasury stock, at cost	(79)	—	—	—	(2,722)	—	—	(2,722)
Issuance of restricted stock	45	—	1,827	—	—	(1,827)	—	—
Amortization of restricted stock award	—	—	—	—	—	578	—	578
Unrealized holding losses	—	—	—	—	—	—	(2,123)	(2,123)
Stockholders' Equity, December 31, 2001	90,781	908	1,789,521	(17,669)	(2,722)	(2,097)	(13,868)	1,754,073
Conversion of operating partnership units to Common Stock	1,566	16	59,962	—	—	—	—	59,978
Conversion of preferred stock to Common Stock	2,625	26	99,974	—	—	—	—	100,000
Allocation of minority interest	—	—	21,062	—	—	—	—	21,062
Net income for the year	—	—	—	440,971	—	—	—	440,971
Dividends declared	—	—	—	(224,716)	—	—	—	(224,716)
Shares issued pursuant to stock purchase plan	8	—	284	—	—	—	—	284
Stock options exercised	330	3	9,898	—	—	—	—	9,901
Issuance of restricted stock	53	1	1,988	—	—	(1,989)	—	—
Amortization of restricted stock award	—	—	—	—	—	1,187	—	1,187
Change in unrealized losses on derivative instruments used in cash flow hedging arrangements	—	—	—	—	—	—	(3,511)	(3,511)
Amortization of interest rate contracts	—	—	—	—	—	—	361	361
Stockholders' Equity, December 31, 2002	95,363	$ 954	$ 1,982,689	$ 198,586	$ (2,722)	$ (2,899)	$ (17,018)	$ 2,159,590

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

BOSTON PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2002	2001	2000
	(in thousands)		
Net income before preferred dividend	$ 444,383	$ 208,032	$ 152,998
Other comprehensive loss:			
Amortization of interest rate contracts	361	—	—

Realized loss on investments in securities included in net income before preferred dividend	—	6,500	—
Unrealized gains (losses) on investments in securities:			
Unrealized holding losses arising during the period	—	(1,608)	(11,745)
Less: reclassification adjustment for the cumulative effect of a change in accounting principle included in net income before preferred dividend	—	6,853	—
Unrealized derivative losses:			
Transition adjustment of interest rate contracts	—	(11,414)	—
Change in unrealized losses on derivative instruments used in cash flow hedging arrangements	(3,511)	(2,454)	—
Other comprehensive loss	(3,150)	(2,123)	(11,745)
Comprehensive income	$ 441,233	$ 205,909	$ 141,253

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,		
	2002	2001	2000
	(in thousands)		
Cash flows from operating activities:			
Net income before preferred dividend	$ 444,383	$ 208,032	$ 152,998
Adjustments to reconcile net income before preferred dividend to net cash provided by operating activities:			
Depreciation and amortization	186,429	150,163	133,150
Non-cash portion of interest expense	5,558	3,937	3,693
Non-cash compensation expense	1,187	578	2,170
Loss on investments in securities	4,297	6,500	—
Non-cash portion of derivative losses	4,478	(5,014)	—
Payments on deferred interest rate contracts	(3,511)	—	—
Minority interests in property partnerships	(2,065)	(1,085)	932
Earnings in excess of distributions from unconsolidated joint ventures	738	(1,451)	90
Minority interest in Operating Partnership	124,775	75,878	75,860
Losses (gains) on sales of properties	(263,220)	(11,239)	314
Extraordinary loss	554	—	433
Cumulative effect of a change in accounting principle	—	8,432	—
Change in assets and liabilities:			
Cash held in escrows	1,094	4,951	12,303
Tenant and other receivables, net	23,027	(16,694)	1,407
Accrued rental income, net	(50,466)	(27,961)	(14,509)
Prepaid expenses and other assets	1,108	10,154	(2,792)
Accounts payable and accrued expenses	3,216	29,265	(14,300)
Accrued interest payable	16,061	3,481	(2,887)
Other liabilities	1,848	8,580	1,644
Tenant leasing costs	(62,111)	(27,104)	(21,032)
Total adjustments	(7,003)	211,371	176,476
Net cash provided by operating activities	437,380	419,403	329,474
Cash flows from investing activities:			
Acquisitions/additions to real estate	(1,432,302)	(1,322,565)	(615,006)
Investments in unconsolidated joint ventures	(4,158)	(7,163)	(16,582)
Net proceeds from sales of real estate	419,177	26,106	70,712
Investments in securities	—	—	(2,297)
Net cash used in investing activities	(1,017,283)	(1,303,622)	(563,173)

	For the year ended December 31,		
	2002	2001	2000
		(in thousands)	
Cash flows from financing activities:			
Net proceeds from the issuance of common stock	—	—	633,762
Borrowings on unsecured line of credit	200,098	111,200	184,000
Repayments of unsecured line of credit	(173,055)	(111,200)	(550,000)
Repayments of mortgage notes	(417,230)	(229,021)	(525,241)
Proceeds from mortgage notes	369,155	1,128,534	976,390
Proceeds from unsecured senior notes	747,375	—	—
Proceeds from unsecured bridge loan	1,000,000	—	—
Repayments of unsecured bridge loan	(894,317)	—	—
Mortgage payable proceeds released from escrow	—	57,610	—
Dividends and distributions	(297,331)	(276,538)	(209,723)
Proceeds from stock transactions	9,774	12,665	16,382
Purchase of treasury common stock	—	(2,722)	—
Net (distributions) contributions to/from minority interest holder	(1,539)	37,539	—
Deferred financing costs	(5,819)	(26,738)	(22,949)
Net cash provided by financing activities	537,111	701,329	502,621
Net increase (decrease) in cash and cash equivalents	(42,792)	(182,890)	268,922
Cash and cash equivalents, beginning of period	98,067	280,957	12,035
Cash and cash equivalents, end of period	$ 55,275	$ 98,067	$ 280,957
Supplemental disclosures:			
Cash paid for interest	$ 272,576	$ 275,263	$ 253,971
Interest capitalized	$ 22,510	$ 59,292	$ 37,713
Non-cash investing and financing activities:			
Additions to real estate included in accounts payable	$ 10,067	$ 5,547	$ 4,858
Mortgage notes payable assumed in connection with the acquisition of real estate	$ —	$ —	$ 117,831
Mortgage notes payable assigned in connection with the sale of real estate	$ —	$ —	$ 166,547
Mortgage payable proceeds escrowed	$ —	$ —	$ 57,610
Issuance of minority interest in connection with the acquisition of real estate	$ —	$ —	$ 44,712
Dividends and distributions declared but not paid	$ 81,226	$ 79,561	$ 71,274
Common stock issued in connection with an acquisition of real estate	$ —	$ —	$ 2,660
Common stock issued in connection with an acquisition of minority interest	$ —	$ —	$ 15,500
Conversions of minority interest to Stockholders' Equity	$ 30,247	$ 119,604	$ 20,245
Conversions of Preferred Stock to Stockholders' Equity	$ 100,000	$ —	$ —
Basis adjustment in connection with conversions of minority interest to Stockholders' Equity	$ 29,731	$ 33,927	$ —
Deposit received on real estate held for sale escrowed	$ 20,000	$ —	$ —
Real estate contributed to joint ventures	$ —	$ —	$ 36,999
Issuance of restricted shares to employees	$ 1,989	$ 1,827	$ 1,060
Unrealized loss related to investments in securities	$ —	$ 1,608	$ 11,745

BOSTON PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2002, owned an approximate 76.3% (75.0% at December 31, 2001) 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, 2002, the Company owned or had interests in a portfolio of 142 commercial real estate properties (147 properties at December 31, 2001) (the "Properties") aggregating more than 42.4 million net rentable square feet (including six properties under construction totaling approximately 2.8 million net rentable square feet). The Properties consist of 133 office properties, including 105 Class A office properties and 28 Office/Technical properties; four industrial properties; three hotels; two retail properties; and structured parking for 20,710 vehicles containing approximately 6.7 million square feet. In addition, the Company owns, controls or has interests in 41 parcels of land totaling 539.6 acres (which will support approximately 8.8 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 Office/Technical properties to be properties that support office, research and development and other technical uses.

Basis of Presentation

The consolidated financial statements of the Company include all the accounts of the Company, its majority-owned Operating Partnership, and consolidated 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, which in the opinion of management is not in excess of the individual property's estimated undiscounted future cash flows, including estimated proceeds from disposition. The cost of buildings and improvements include the purchase price of the property, legal fees and acquisition costs. Certain qualifying costs related to development properties are capitalized. Capitalized development costs include interest, wages, property taxes, insurance and other project costs incurred during the period of development.

The Company periodically reviews its properties to determine if their carrying amounts will be recovered from future operating cash flows. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows are considered on an undiscounted basis in the analysis that the Company conducts to determine whether an asset has been impaired, the Company's established strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If the Company's strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized. If the Company determines that an impairment has occurred, the affected assets must be reduced to their fair value. No such impairment losses have been recognized to date.

The costs of land and buildings under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. The Company ceases cost capitalization when the property is held available for occupancy upon substantial completion of tenant improvements, but no later than one year from the completion of major construction activity. Interest costs capitalized for the years ended December 31, 2002, 2001 and 2000 were $22.5 million, $59.3 million and $37.7 million, respectively. Salaries and related costs capitalized for the years ended December 31, 2002, 2001 and 2000 were $4.4 million, $5.8 million and $4.9 million, respectively.

The Company accounts for properties as held for sale under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which typically occurs upon the execution of a purchase and sale agreement. Upon determining that a property is held for sale, the Company discontinues depreciating the property and reflects the property at the lower of its carrying amount or fair value less the cost to sell in its consolidated balance sheets.

The acquisitions of minority interests for shares of the Company's Common Stock are recorded under the purchase method with assets acquired reflected at the fair market value of the Company's Common Stock on the date of acquisition. The acquisition amounts are allocated to real estate based on their estimated fair values.

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 which may at times exceed the Federal Deposit Insurance Corporation limit of $100,000. The Company has not experienced any losses to date on its invested cash.

Cash held in Escrows

Escrows include amounts established pursuant to various agreements for real estate purchase and sale transactions, security deposits, property taxes, insurance and other costs.

Investments in Securities

The Company accounts for investments in securities of publicly traded companies in accordance with Statement of Financial Accounting Standards ("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 No. 115. During the years ended December 31, 2002 and 2001, the Company realized losses totaling $4.3 million and $6.5 million related to the write-down of securities of three technology companies. The Company determined that the decline in the fair value of these securities was other than temporary as defined by SFAS No. 115.

Tenant and other receivables

Tenant and other receivables are expected to be collected within one year and are reported net of estimated unrecoverable amounts of approximately $3.7 million and $2.4 million at December 31, 2002 and 2001, respectively.

Deferred Charges

Deferred charges include leasing costs and financing costs. Direct and incremental fees and costs incurred in the successful negotiation of leases, including brokerage, legal, internal leasing employee salaries and other costs have been deferred and are being amortized on a straight-line basis over the terms of the respective leases. Internal leasing salaries and related costs capitalized for the years ended December 31, 2002, 2001 and 2000 were approximately $0.7 million, $0.8 million and $0.2 million, respectively. External fees and costs incurred to obtain 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 or significant modification of the financing or upon the early termination of the lease, respectively. 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 joint venture agreements may designate different percentage allocations among investors for profits and losses, however, the Company's recognition of joint venture income or loss generally follows the joint venture's distribution priorities, which may change upon the achievement of certain investment return thresholds.

To the extent that the Company contributes assets to a joint venture, the Company's investment in joint venture is recorded at the Company's cost basis in the assets that were contributed to the joint venture. To the extent that the Company's cost basis is different than the basis reflected at the joint venture level, the basis

difference is amortized over the life of the related asset and included in the Company's share of equity in net income of the joint venture. In accordance with the provisions of Statement of Position 78-9 "Accounting for Investments in Real Estate Ventures", the Company will recognize gains on the contribution of real estate to joint ventures, relating solely to the outside partner's interest, to the extent the economic substance of the transaction is a sale.

The Company serves as property manager for the joint ventures. 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. The Company has recognized development and management fee income earned from its joint ventures of approximately $5.0 million, $3.9 million and $2.1 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Equity Offering Costs

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

Treasury Stock

The Company's share repurchases are reflected as treasury stock utilizing the cost method of accounting and are presented as a reduction to consolidated stockholders' equity.

Dividends

Earnings and profits, which determine the taxability of dividends to stockholders, 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. Common dividends paid represented 98%, 100% and 100% ordinary income and 2%, 0% and 0% capital gain income for federal income tax purposes for the years ended December 31, 2002, 2001 and 2000, respectively.

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 $51.0 million, $27.8 million and

$12.7 million for the years ended December 31, 2002, 2001 and 2000, respectively. Accrued rental income represents rental income earned in excess of rent payments received pursuant to the terms of the individual lease agreements. The Company maintains an allowance for doubtful accounts against tenant and other receivables for estimated losses resulting from the inability of its tenants to make required rent payments. The computation of this allowance is based on the tenants' payment history and current credit status. The Company also maintains an allowance against accrued rental income for future potential tenant credit losses. The credit assessment is based on the estimated accrued rental income that is recoverable over the term of the lease. The credit risk is mitigated by the high quality of the Company's tenant base, review of the tenant's risk profile prior to lease execution and continual monitoring of the Company's portfolio to identify potential problem tenants.

Recoveries from tenants consisting of amounts due from tenants for common area maintenance, real estate taxes and other recoverable costs are recognized as revenue in the period the expenses are incurred.

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.

The Company recognizes gains on sales of real estate pursuant to the provisions of SFAS No. 66 "Accounting for Sales of Real Estate". The specific timing of a sale is measured against various criteria in SFAS No. 66 related to the terms of the transaction and any continuing involvement in the form of management or financial assistance associated with the property. If the sales criteria are not met, the Company defers gain recognition and accounts for the continued operations of the property by applying the finance, installment or cost recovery methods, as appropriate, until the sales criteria are met.

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.

From time to time, the Company enters into certain interest rate protection agreements to reduce the impact of changes in interest rates on its variable rate debt or in anticipation of issuing fixed rate debt. The fair value of these agreements is reflected on the Consolidated Balance Sheets. Changes in the fair value of these agreements are recorded in the Consolidated Statements of Operations to the extent the agreements are not effective for accounting purposes.

Earnings Per Share

Basic earnings per common share ("EPS") is computed by dividing net income available to common shareholders 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. The fair value of the Company's long-term indebtedness, which is

based on the estimates of management and on rates currently quoted and rates currently prevailing for comparable loans and instruments of comparable maturities, exceeds the aggregate carrying value by approximately $172.5 million at December 31, 2002.

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 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 stockholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its annual taxable income. The Company's policy is to distribute 100% of its taxable income. Accordingly, the only provision for federal income taxes in the accompanying consolidated financial statements relates to the Company's consolidated taxable REIT subsidiaries.

In January 2002, the Company formed a taxable REIT subsidiary ("TRS"), IXP, Inc. (IXP) which acts as a captive insurance company to provide earthquake re-insurance coverage for the Company's Greater San Francisco properties. The accounts of IXP are consolidated within the Company. The captive TRS is subject to tax at the federal and state level, and accordingly, the Company has recorded a tax provision of $0.1 million for the year ended December 31, 2002 in the Company's Consolidated Statements of Operations.

Effective July 1, 2002, the Company restructured the leases with respect to ownership of its three hotel properties by forming a TRS. The hotel TRS, a wholly owned subsidiary of the Operating Partnership, is the lessee pursuant to new leases for each of the hotel properties. As lessor, the Operating Partnership is entitled to a percentage of gross receipts from the hotel properties. Marriott International, Inc. will continue to manage the hotel properties under the Marriott® name and under terms of the existing management agreements. In connection with the restructuring, the revenue and expenses of the hotel properties are being reflected in the Company's Consolidated Statements of Operations. The hotel TRS is subject to tax at the federal and state level, and accordingly, the Company has recorded a tax provision of $0.4 million for the six months ended December 31, 2002 in the Company's Consolidated Statements of Operations.

To assist the Company in maintaining its status as a REIT, the Company had previously leased 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® name pursuant to management agreements with the lessee. Rental revenue from these leases totaled approximately $12.2 million for the six-month period in 2002 prior to the formation of the hotel TRS and $31.3 million and $38.1 million for the years ended December 31, 2001 and 2000, respectively.

The net difference between the tax basis and the reported amounts of the Company's assets and liabilities is approximately $1.7 billion and $1.2 billion as of December 31, 2002 and 2001, respectively.

Certain entities included in the Company's consolidated financial statements are subject to certain state and local taxes. These 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 the 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 of America 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 and allowances for doubtful accounts. Actual results could differ from those estimates.

3. Real Estate

Real estate consisted of the following at December 31 (in thousands):

	2002	2001
Land	$ 1,647,808	$ 1,194,050
Land held for future development	215,866	182,672
Real estate held for sale, net of accumulated depreciation	224,585	—
Buildings and improvements	5,669,641	4,640,684
Tenant improvements	395,979	264,658
Furniture, fixtures and equipment	68,256	66,540
Development in process	448,576	1,109,302
Total	8,670,711	7,457,906
Less: Accumulated depreciation	(822,933)	(719,854)
	$ 7,847,778	$ 6,738,052

4. Deferred Charges

Deferred charges consisted of the following at December 31 (in thousands):

	2002	2001
Leasing costs	$ 203,954	$ 114,811
Financing costs	75,145	74,394
	279,099	189,205
Less: Accumulated amortization	(102,554)	(81,632)
	$ 176,545	$ 107,573

5. Investments in Unconsolidated Joint Ventures

The investments in unconsolidated joint ventures consists of the following:

Entity	Property	Location	% Ownership
One Freedom Square LLC	One Freedom Square	Reston, VA	25%(1)
Square 407 LP	Market Square North	Washington, D.C.	50%
The Metropolitan Square Associates LLC	Metropolitan Square	Washington, D.C.	51%(2)
BP 140 Kendrick Street LLC	140 Kendrick Street	Needham, MA	25%(1)
BP/CRF 265 Franklin Street Holdings LLC	265 Franklin Street	Boston, MA	35%
Discovery Square LLC	Discovery Square	Reston, VA	50%
BP/CRF 901 New York Avenue LLC	901 New York Avenue(3)	Washington, D.C.	25%(1)
Two Freedom Square LLC	Two Freedom Square(3)	Reston, VA	50%

(1) Ownership can increase based on the achievement of certain return thresholds.

(2) Joint venture is accounted for under the equity method due to participatory rights of the outside partner.

(3) Property is currently under development

The combined summarized financial information of the unconsolidated joint ventures is as follows (in thousands):

	December 31,	
	2002	2001
Balance Sheets		
Real estate and development in process, net	$ 753,931	$ 720,568
Other assets	59,665	40,670
Total assets	$ 813,596	$ 761,238
Mortgage and construction loans payable	$ 558,362	$ 507,865
Other liabilities	13,436	16,497
Members' equity	241,798	236,876
Total liabilities and members' equity	$ 813,596	$ 761,238
Company's share of equity	$ 98,997	$ 95,516
Basis differentials(1)	2,908	2,969
Carrying value of the Company's investments in unconsolidated joint ventures	$ 101,905	$ 98,485

(1) This amount represents the aggregate difference between the Company's historical cost basis and the basis reflected at the joint venture level, which is typically amortized over the life of the related asset. Basis differentials occur primarily upon the transfer of assets into a joint venture, which were previously owned by the Company. In addition, certain acquisition, transaction and other costs may not be reflected in the net assets at the joint venture level.

	Year Ended December 31,		
	2002	2001	2000
Statements of Operations			
Total revenue	$ 94,678	$ 80,813	$ 42,754

Expenses			
Operating	26,534	23,024	12,479
Interest	32,964	32,434	17,697
Depreciation and amortization	17,058	13,557	7,802
Total expenses	76,556	69,015	37,978
Net income	$ 18,122	$ 11,798	$ 4,776
Company's share of net income	$ 7,954	$ 4,186	$ 1,758

6. Mortgage Notes Payable

The Company had outstanding mortgage notes payable totaling $4.3 billion as of December 31, 2002, 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 payable totaled approximately $3.1 billion and $3.4 billion at December 31, 2002 and 2001, respectively, with interest rates ranging from 6.40% to 9.65% (averaging 7.17% and 7.27% at December 31, 2002 and 2001, respectively).

Variable rate mortgage notes payable (including construction loans payable) totaled approximately $1.1 billion and $866.0 million at December 31, 2002 and 2001, respectively, with interest rates ranging from 1.25% above the London Interbank Offered Rate ("LIBOR") (LIBOR was 1.38% and 1.87% at December 31, 2002 and 2001, respectively) to 1.95% above LIBOR.

At December 31, 2002, the Company had outstanding hedge contracts totaling $150.0 million. The hedging agreements provide for a fixed interest rate when LIBOR is less than 5.76% and when LIBOR is between 6.35% and 7.45% and between 7.51% and 9.00% for remaining terms ranging from one to three years per the individual hedging agreements.

A mortgage note payable totaling approximately $115.1 million at December 31, 2001 was subject to periodic scheduled interest rate increases. Interest expense for this mortgage note payable was computed using the effective interest method. A mortgage note payable totaling approximately $69.3 million at December 31, 2002 and two mortgage notes payable totaling approximately $220.7 million at December 31, 2001, 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 $2.2 million, $1.7 million and $3.6 million for the years ended December 31, 2002, 2001 and 2000, respectively. The cumulative liability related to these accounting methods was $5.8 million and $7.9 million at December 31, 2002 and 2001, respectively, and is included in mortgage notes payable.

Combined aggregate principal payments of mortgage notes payable at December 31, 2002 are as follows:

	(in thousands)
2003	$ 931,496
2004	411,855
2005	285,387
2006	284,458
2007	182,632
Thereafter	2,171,291

7. Unsecured Senior Notes

On December 13, 2002, the Company's Operating Partnership closed an unregistered offering of $750.0 million in aggregate principal amount of its 6.25% senior unsecured notes due 2013. The notes were priced at 99.65% of their face amount to yield 6.296%. The notes have been reflected net of discount of $2.6 million in the Consolidated Balance Sheets. The Company used the net proceeds to pay down its unsecured bridge loan incurred in connection with its September 2002 acquisition of 399 Park Avenue. In connection with the offering, the Company terminated treasury rate lock agreements at a cost of approximately $3.5 million that are being amortized over the term of the notes as an adjustment to interest expense.

The indenture relating to the unsecured senior notes contain certain financial restrictions and requirements, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 50%, (3) an interest coverage ratio of 1.50, and (4) an unencumbered asset value to less than 150% of unsecured debt. At December 31, 2002, the Company was in compliance with each of these financial restrictions and requirements.

8. Unsecured Bridge Loan

On September 25, 2002, the Company obtained unsecured bridge financing totaling $1.0 billion (the "Unsecured Bridge Loan") in connection with the acquisition of 399 Park Avenue. During 2002, the Company repaid approximately $894.3 million with proceeds from the offering of unsecured senior notes and proceeds from the sales of certain real estate properties. At December 31, 2002, the Unsecured Bridge Loan had an outstanding balance of approximately $105.7 million and currently bears interest at a variable rate of Eurodollar + 1.45% (2.89% for the contract in effect at December 31, 2002). The Unsecured Bridge Loan matures in September 2003 and may be prepaid at any time prior to its maturity without a prepayment penalty.

The terms of the Unsecured Bridge Loan require that the Company maintain a number of customary financial and other covenants on an ongoing basis including among other things, (1) unsecured loan-to-value ratio against total borrowing base not to exceed 55%, unless the Company's leverage ratio exceeds 60%, in which case it is not to exceed 50%, (2) a secured debt leverage ratio not to exceed 55%, (3) debt service coverage ratio of 1.40 for the Company's borrowing base, or 1.50 if the Company's leverage ratio equals or exceeds 60%, a fixed charge ratio of 1.30, and a debt service coverage ratio of 1.50 (4) a leverage ratio not to exceed 60%, however for five consecutive quarters (not including the two quarters prior to expiration) leverage can go to 65% (5) limitations

on additional indebtedness and stockholder distributions, and (6) a minimum net worth requirement. At December 31, 2002, the Company was in compliance with each of these financial and other covenant requirements.

9. Unsecured Line of Credit

As of December 31, 2002, the Company had an agreement for a $605.0 million 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 or an increase over the lender's prime rate from zero to 75 basis points, depending upon the Company's applicable leverage ratio. The Unsecured Line of Credit requires payments of interest only.

The Company had an outstanding balance on the Unsecured Line of Credit of $173.9 million at December 31, 2002 of which approximately $146.9 million is collateralized by the Company's 875 Third Avenue property and is included in Mortgage Notes Payable. There was no outstanding balance at December 31, 2001. The weighted-average balance outstanding was approximately $15.2 million and $11.3 million during the year ended December 31, 2002 and 2001, respectively. The weighted-average interest rate on amounts outstanding was approximately 3.03% and 5.49% during the year ended December 31, 2002 and 2001, respectively.

The terms of the Unsecured Line of Credit require that the Company maintain a number of customary financial and other covenants on an ongoing basis including among other things, (1) unsecured loan-to-value ratio against total borrowing base not to exceed 55%, unless the Company's leverage ratio exceeds 60%, in which case it is not to exceed 50%, (2) a secured debt leverage ratio not to exceed 55%, (3) debt service coverage ratio of 1.40 for the Company's borrowing base, or 1.50 if the Company's leverage ratio equals or exceeds 60%, a fixed charge ratio of 1.30, and a debt service coverage ratio of 1.50 (4) a leverage ratio not to exceed 60%, however for five consecutive quarters (not including the two quarters prior to expiration) leverage can go to 65% (5) limitations on additional indebtedness and stockholder distributions, and (6) a minimum net worth requirement. At December 31, 2002, the Company was in compliance with each of these financial and other covenant requirements.

10. Commitments and Contingencies

General

The Company has letter of credit and performance obligations of approximately $39.3 million primarily related to its wholly owned subsidiary IXP and certain other development and lender requirements.

The Company has indebtedness guarantee obligations with lenders primarily related to construction loans. At December 31, 2002, the Company had obligations outstanding totaling approximately $2.8 million in excess of its share of indebtedness related to the construction loan of a joint venture property.

The Company's joint venture agreements generally include provisions whereby each partner has the right to initiate a purchase or sale of its interest in the joint ventures. Under these provisions, the Company is not compelled to purchase the interest of its outside joint venture partners.

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 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.

Insurance

The Company carries insurance coverage on its properties of types and in amounts that it believes are in line with coverage customarily obtained by owners of similar properties. The Company believes that all of its properties are adequately insured. The property insurance that the Company maintains for its properties has historically been on an "all risk" basis, which until 2002 included losses caused by acts of terrorism. Following the terrorist activity of September 11, 2001 and the resulting uncertainty in the insurance market, insurance companies generally excluded insurance against acts of terrorism from their "all risk" policies. As a result the Company's "all risk" insurance coverage currently contains specific exclusions for losses attributable to acts of terrorism. In light of this development, in 2002 the Company purchased stand-alone terrorism insurance on a portfolio-wide basis with annual aggregate limits that the Company considers commercially reasonable, considering the availability and cost of such coverage. The federal Terrorism Risk Insurance Act, enacted in November 2002, requires regulated insurers to make available coverage for certified acts of terrorism (as defined by the statute) under property insurance policies, but the Company cannot currently anticipate whether the scope and cost of such coverage will compare favorably to stand-alone terrorism insurance, and thus whether it will be commercially reasonable for the Company to change its coverage for acts of terrorism going forward. The Company will continue to monitor the state of the insurance market, but does not currently expect that coverage for acts of terrorism on terms comparable to pre-2002 policies will become available on commercially reasonable terms.

The Company carries earthquake insurance on its properties located in areas known to be subject to earthquakes in an amount and subject to deductibles and self-insurance that it believes are commercially reasonable. However, the amount of the Company's earthquake insurance coverage may not be sufficient to cover losses from earthquakes. As a result of increased costs of coverage and decreased availability, the amount of third party earthquake insurance that the Company may be able to purchase on commercially reasonable terms may be reduced. In addition, the Company may discontinue earthquake insurance on some or all of its properties in the future if the premiums exceed the Company's estimation of the value of the coverage.

In January 2002, the Company formed a wholly-owned insurance subsidiary, IXP, Inc. ("IXP"), to act as a captive insurance company and be one of the elements of its overall insurance program. IXP has acted as a reinsurer for the Company's primary carrier with respect to a portion of its earthquake insurance coverage for its Greater San Francisco properties. In the future IXP may provide additional or different coverage, as a reinsurer or a primary insurer, depending on the availability and cost of third party insurance in the marketplace and the level of self insurance that the Company believes is commercially reasonable. The accounts of IXP are consolidated within the Company.

There are other types of losses, such as from wars, acts of bio-terrorism or the presence of mold at the Company's properties, for which the Company cannot obtain insurance at all or at a reasonable cost. With respect to such losses and losses from acts of terrorism, earthquakes or other catastrophic

events, if the Company experiences a loss that is uninsured or that exceeds policy limits, the Company could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Depending on the specific circumstances of each affected property, it is possible that the Company could be liable for mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect the Company's business and financial condition and results of operations.

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

It is the Company's policy to retain independent environmental consultants 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 with respect to its properties. These pre-purchase environmental assessments have not revealed 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 otherwise aware of environmental conditions with respect to its properties which the Company believes would have such a material adverse effect. However, from time to time pre-existing environmental conditions at its properties have required environmental testing and/or regulatory filings.

In February 1999, one of the Company's 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. The Company recently completed development of an office park on the property. The Company's affiliate engaged a specially licensed environmental consultant to oversee the management of contaminated soil and groundwater that was disturbed in the course of construction. Pursuant to the property acquisition agreement, Exxon 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 Company's affiliate for certain losses arising from preexisting site conditions. Any indemnity claim may be subject to various defenses.

Environmental investigations at two of the Company's properties in Massachusetts have identified groundwater contamination migrating from off-site source properties. In both cases the Company engaged a specially licensed environmental consultant to perform the necessary investigations and assessments and to prepare submittals to the state regulatory authority, including Downgradient Property Status Opinions. The environmental consultant concluded that the properties qualify for Downgradient Property Status under the state regulatory program, which eliminates certain deadlines for conducting response actions at a site. The Company also believes that these properties qualify for liability relief under certain statutory amendments regarding upgradient releases. 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 addressing the identified groundwater contamination, the Company will take necessary further response actions (if any are required). No such additional response actions are anticipated at this time.

One of the Company's affiliates recently acquired a property in Massachusetts where historic groundwater contamination was identified prior to acquisition. The Company engaged a specially licensed environmental consultant to perform investigations and to prepare necessary submittals to the state regulatory authority. The environmental consultant has concluded that (1) certain identified groundwater contaminants are migrating to the subject property from an off-site source property and (2) certain other detected contaminants are likely related to a historic release on the subject property. The Company has filed a Downgradient Property Status Opinion (described above) with respect to contamination migrating from off-site. The consultant has recommended conducting additional investigations, including the installation of off-site monitoring wells, to determine the nature and extent of contamination potentially associated with the historic use of the subject property. The Company's affiliate has authorized such additional investigations and will take necessary further response actions (if any are required).

Some of the Company's properties and certain properties owned by the Company's affiliates are located in urban, industrial and other previously developed areas where fill or current or historical uses of the areas have caused site contamination. Accordingly, it is sometimes necessary to institute special soil and/or groundwater handling procedures in connection with construction and other property operations in order to achieve regulatory closure and ensure that contaminated materials are addressed in an appropriate manner. In these situations it is the Company's practice to investigate the nature and extent of detected contamination and estimate the costs of required response actions and special handling procedures. The Company then uses this information as part of its decision-making process with respect to the acquisition and/or development of the property. For example, the Company recently acquired a parcel in Massachusetts, formerly used as a quarry/asphalt batching facility, which the Company may develop in the future. Pre-purchase testing indicated that the site contains relatively low levels of certain contaminants. The Company has engaged a specially licensed environmental consultant to perform an environmental risk characterization and prepare all necessary regulatory submittals. The Company anticipates that additional response actions necessary to achieve regulatory closure (if any) will be performed in concert with future construction activities. When appropriate, closure documentation will be submitted for public review and comment pursuant to the state regulatory authority's public information process.

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

Development

The Company has six properties currently under construction. Commitments to complete these projects totaled approximately $405.9 million at December 31, 2002. Of the remaining commitment, $371.7 million of the costs will be covered under its existing construction loans.

Sale of Property

The Operating Partnership Agreement provides that, until June 23, 2007, the Operating Partnership may not sell or otherwise transfer three designated properties (or a property acquired pursuant to the disposition of a designated property in a non-taxable transaction) in a taxable transaction without the prior written consent of Mr. Mortimer B. Zuckerman, Chairman of the Board of Directors and Mr. Edward H. Linde, President and Chief Executive Officer. The Operating Partnership is not required to obtain their consent if each of them does not continue to hold at least a specified percentage of their original OP Units. 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 Operating Partnership will not sell or otherwise transfer the Properties in a taxable transaction until specified dates ranging from June 2006 to April 2016.

11. Minority Interests

Minority interests relate to the interest in the Operating Partnership not owned by the Company and interests in a property partnership not owned by the Company. As of December 31, 2002, the minority interest in the Operating Partnership consisted of 20,474,241 OP Units and 7,778,514 Preferred Units held by parties other than the Company.

On April 25, 2001, the Company acquired Citigroup Center through a venture with a private real estate investment company. This venture is consolidated with the financial results of the Company because the Company exercises control over the entity that owns the property. The equity interest in the venture that is not owned by the Company, totaling approximately $29.9 million and $34.4 million at December 31, 2002 and 2001, respectively is included in Minority Interests on the accompanying Consolidated Balance Sheets. The minority interest holder's share of income for Citigroup Center is reflective of the Company's preferential return on and of its capital.

On July 9, 2002, the Company issued 1,066,229 shares of Common Stock with a fair value of approximately $41.2 million on the date of issuance, as a result of the conversion of 812,469 Preferred Units into 1,066,229 OP Units, which OP Units were immediately acquired by Boston Properties, Inc. in exchange for an equal number of shares of Common Stock. These Preferred Units that were converted had a book value of approximately $20.8 million on the date of conversion. The difference between the effective purchase price of the minority interest and the book value was approximately $20.4 million, which increased the recorded value of the underlying real estate. In addition, the Company paid the accrued preferred distributions due to the holders of Preferred Units that were converted.

The Preferred Units at December 31, 2002 consist of 2,377,853 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 and 5,400,661 Series Two Preferred Units of limited partnership in the Operating Partnership (the "Series Two Preferred Units"), which bear a preferred distribution at the greater of the distribution rate payable to common unitholders or an increasing rate, ranging from 5.00% to 7.00% per annum on a liquidation preference of $50.00 per unit and will be convertible into OP Units after December 31, 2002 at a rate of $38.10 per Preferred Unit. Distributions to holders of Preferred Units are recognized on a straight-line basis that approximates the effective interest method.

12. Redeemable Preferred Stock and Stockholders' Equity

As of December 31, 2002 the Company had 95,362,990 shares of Common Stock and no shares of Series A Convertible Redeemable Preferred Stock (the "Preferred Stock") outstanding.

On July 9, 2002, the Company issued 2,624,671 shares of Common Stock as a result of the conversion of all of the Company's 2,000,000 shares of Preferred Stock. In addition, the Company paid the accrued preferred dividends due to the holders of the Preferred Stock.

On September 14, 2001, the Board of Directors of the Company authorized a stock repurchase program under which the Company is permitted to purchase up to $100 million of the Company's outstanding Common Stock. As of December 31, 2002 and 2001, the Company had repurchased 78,900 shares of Common Stock for an aggregate cost of approximately $2.7 million.

13. Future Minimum Rents

The Properties are leased to tenants under net operating leases with initial term expiration dates ranging from 2003 to 2029. The future minimum lease payments to be received (excluding operating expense reimbursements) by the Company as of December 31, 2002, under non-cancelable operating leases (including leases for properties under development), which expire on various dates through 2029, are as follows:

Years Ending December 31,	(in thousands)
2003	$ 984,658
2004	974,375
2005	904,860
2006	819,044
2007	721,163
Thereafter	4,490,652

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

Location	(in thousands)

Midtown Manhattan	$ 4,846,043
Greater Washington, D.C.	1,392,608
Greater Boston	1,472,107
Greater San Francisco	880,795
New Jersey and Pennsylvania	303,199

No one tenant represented more than 10.0% of the Company's total rental revenue for the years ended December 31, 2002, 2001 and 2000.

14. 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, D.C., Midtown Manhattan, Greater San Francisco, and New Jersey and Pennsylvania. Segments by property type include: Class A Office, Office/Technical, Industrial and Hotel.

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, net derivative losses, losses on investments in securities and interest expense are not included in net operating income, as the internal reporting addresses these on a corporate level.

Net operating income is not a measure of operating results or cash flows from operating activities as measured by accounting principles generally accepted in the United States of America, and it is not indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. All companies may not be using the same definition for net operating income. As discussed in Note 2 and effective as of July 1, 2002, the revenue and expenses of the hotel properties have been included in the operations of the Company. The operations of the hotel properties were reflected in the periods prior to July 1, 2002 as a net lease payment in rental revenue and real estate tax expense in property operating expenses.

Information by Geographic Area and Property Type:

For the year ended December 31, 2002:

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue:						
Class A Office	$ 266,930	$ 228,997	$ 351,374	$ 220,153	$ 66,725	$ 1,134,179
Office/Technical	8,230	14,334	—	1,899	—	24,463
Industrial	1,019	—	—	659	762	2,440
Hotels	57,489	—	—	—	—	57,489
Total	333,668	243,331	351,374	222,711	67,487	1,218,571
% of Grand Totals	27.38%	19.97%	28.83%	18.28%	5.54%	100.00%
Rental Expenses:						
Class A Office	99,653	64,863	110,093	77,222	25,072	376,903
Office/Technical	1,787	2,686	—	387	—	4,860
Industrial	332	—	—	70	139	541
Hotels	34,273	—	—	—	—	34,273
Total	136,045	67,549	110,093	77,679	25,211	416,577
% of Grand Totals	32.66%	16.22%	26.43%	18.64%	6.05%	100.00%
Net operating income	$ 197,623	$ 175,782	$ 241,281	$ 145,032	$ 42,276	$ 801,994
% of Grand Totals	24.64%	21.92%	30.09%	18.08%	5.27%	100.00%

For the year ended December 31, 2001:

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue:						
Class A Office	$ 226,573	$ 227,022	$ 229,082	$ 213,950	$ 65,689	$ 962,316
Office/Technical	7,837	14,445	—	2,022	—	24,304
Industrial	1,199	677	—	620	724	3,220
Hotels	32,330	—	—	—	—	32,330
Total	267,939	242,144	229,082	216,592	66,413	1,022,170
% of Grand Totals	26.21%	23.69%	22.41%	21.19%	6.50%	100.00%
Rental Expenses:						

Class A Office	82,919	61,321	75,929	74,930	23,825	318,924
Office/Technical	1,871	2,495	—	357	—	4,723
Industrial	425	260	—	66	122	873
Hotels	5,781	—	—	—	—	5,781
Total	90,996	64,076	75,929	75,353	23,947	330,301
% of Grand Totals	27.55%	19.40%	22.99%	22.81%	7.25%	100.00%
Net operating income	$ 176,943	$ 178,068	$ 153,153	$ 141,239	$ 42,466	$ 691,869
% of Grand Totals	25.57%	25.74%	22.14%	20.41%	6.14%	100.00%

For the year ended December 31, 2000:

	Greater Boston	Greater Washington, D.C.	Midtown Manhattan	Greater San Francisco	New Jersey and Pennsylvania	Total
Rental Revenue:						
Class A Office	$ 195,300	$ 215,452	$ 145,114	$ 183,367	$ 63,272	$ 802,505
Office/Technical	5,912	15,696	—	1,851	—	23,459
Industrial	1,921	1,348	—	586	714	4,569
Hotels	38,703	—	—	—	—	38,703
Total	241,836	232,496	145,114	185,804	63,986	869,236
% of Grand Totals	27.82%	26.75%	16.69%	21.38%	7.36%	100.00%
Rental Expenses:						
Class A Office	72,104	59,018	51,251	63,650	22,085	268,108
Office/Technical	2,315	3,040	—	334	—	5,689
Industrial	553	452	—	58	117	1,180
Hotels	4,694	—	—	—	—	4,694
Total	79,666	62,510	51,251	64,042	22,202	279,671
% of Grand Totals	28.48%	22.35%	18.33%	22.90%	7.94%	100.00%
Net operating income	$ 162,170	$ 169,986	$ 93,863	$ 121,762	$ 41,784	$ 589,565
% of Grand Totals	27.51%	28.83%	15.92%	20.65%	7.09%	100.00%

The following is a reconciliation of net operating income to income before minority interests in property partnerships, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains (losses) on sales of real estate and land held for development, discontinued operations, extraordinary items, cumulative effect of a change in accounting principle and preferred dividend:

	2002	2001	2000
Net operating income	$ 801,994	$ 691,869	$ 589,565
Add:			
Development and management services	10,748	12,167	11,837
Interest and other	5,504	12,183	8,558
Less:			
General and administrative	47,292	38,312	35,659
Interest expense	271,685	223,389	217,064
Depreciation and amortization	186,177	149,181	132,223
Net derivative losses	11,874	26,488	—
Losses on investments in securities	4,297	6,500	—
Income before minority interests in property partnerships, income from unconsolidated joint ventures, minority interest in Operating Partnership, gains (losses) on sales of real estate and land held for development, discontinued operations, extraordinary items, cumulative effect of a change in accounting principle and preferred dividend	$ 296,921	$ 272,349	$ 225,014

15. Extraordinary Items

The Company incurred extraordinary losses of $2.0 million and $0.3 million (net of minority interest share of $0.4 million and $0.1 million), respectively for the years ended December 31, 2002 and 2000 due to the payment of a prepayment fee and the write-off of unamortized deferred financing costs related to the early extinguishment of certain mortgage notes payable.

16. Earnings Per Share

Earnings per common share ("EPS") has been computed pursuant to the provisions of SFAS No. 128. The following table provides a reconciliation of both net income and the number of common shares used in the computation of basic EPS, which utilizes the weighted average number of common shares outstanding without regard to the dilutive potential common shares, and diluted EPS, which includes all shares, as applicable.

	For the year ended December 31, 2002		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic Earnings Per Share:			
Income available to common shareholders	$ 440,971	93,145	$ 4.73
Effect of Dilutive Securities:			
Stock Options and other	155	1,467	(.07)
Diluted Earnings Per Share:			
Income available to common shareholders	$ 441,126	94,612	$ 4.66

	For the year ended December 31, 2001		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic Earnings Per Share:			
Income available to common shareholders	$ 201,440	90,002	$ 2.24
Effect of Dilutive Securities:			
Stock Options and other	244	2,198	(.05)
Diluted Earnings Per Share:			
Income available to common shareholders	$ 201,684	92,200	$ 2.19

	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	—	1,317	(.04)
Diluted Earnings Per Share:			
Income available to common shareholders	$ 146,426	72,741	$ 2.01

17. Employee Benefit Plan

Effective January 1, 1985, the predecessor of 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. Upon formation, the Company adopted the Plan and the terms of the Plan.

Effective January 1, 2000, 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 eligible earnings contributed (utilizing earnings that are not in excess of $200,000, indexed for inflation) and by eliminating the vesting requirement.

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, 2002, 2001 and 2000 was $2.0 million, $1.8 million and $1.7 million, respectively.

18. Stock Option and Incentive Plan and Stock Purchase 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 of Common Stock available for issuance 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). At December 31, 2002, the number of shares available for issuance under the plan was 3,192,911.

Options granted under the plan become exercisable over a two, three or five year period and have terms of ten years. All options were granted at the fair market value of the Company's Common Stock at the dates of grant.

The Company issued 52,750, 44,842 and 34,822 shares of restricted stock under the plan during the years ended December 31, 2002, 2001 and 2000, respectively. The shares of restricted stock were valued at approximately $2.0 million ($37.70 per share), $1.8 million ($40.75 per share) and $1.1 million ($30.4375 per share) for the years ended December 31, 2002, 2001 and 2000, respectively. 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. Compensation expense related to the restricted stock totaled $1.2 million, $0.6 million and $0.2 million for the years ended December 31, 2002, 2001 and 2000, respectively.

A summary of the status of the Company's stock options as of December 31, 2002, 2001 and 2000 and changes during the years ended December 31, 2002, 2001 and 2000 are presented below:

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 2000	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
Granted	3,247,250	$ 41.60
Exercised	(406,371)	$ 30.40
Canceled	(35,003)	$ 33.60
Outstanding at December 31, 2001	10,907,558	$ 34.28
Granted	1,423,000	$ 37.73
Exercised	(329,704)	$ 30.28
Canceled	(38,509)	$ 37.13
Outstanding at December 31, 2002	11,962,345	$ 34.80

The per share weighted-average fair value of options granted was $3.31, $5.01 and $3.79 for the years ended December 31, 2002, 2001 and 2000, 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 2002, 2001 and 2000.

	2002	2001	2000
Dividend yield	6.47%	5.72%	6.90%
Expected life of option	6 Years	6 Years	6 Years
Risk-free interest rate	3.32%	5.13%	6.51%
Expected stock price volatility	20%	20%	20%

The following table summarizes information about stock options outstanding at December 31, 2002:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/02	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/02	Weighted-Average Exercise Price
$25.00 - $36.81	7,313,845	5.46 Years	$ 31.23	6,672,512	$ 31.14
$37.70 - $42.12	4,648,500	7.95 Years	$ 40.41	1,876,592	$ 41.59

In addition, the Company had 4,999,346 and 3,397,714 options exercisable at weighted-average exercise prices of $31.37 and $32.11 at December 31, 2002 and 2001, respectively.

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 last ten business days of the purchase period. The Company issued 8,595, 8,538 and 11,105 shares with the weighted average fair value of the purchase right equal to $33.09 per share, $36.02 per share and $28.15 per share under the Stock Purchase Plan as of December 31, 2002, 2001 and 2000, respectively.

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

The compensation cost under SFAS No. 123 for the stock performance-based plans would have been $9.4 million, $11.7 million and $12.0 million for the years ended December 31, 2002, 2001 and 2000, respectively. Had compensation cost for the Company's grants for stock-based compensation plans been determined consistent with SFAS No. 123, the Company's net income available to common shareholders, and net income per common share for 2002, 2001 and 2000 would approximate the pro forma amounts below:

	2002	2001	2000
Net income available to common shareholders	$ 433,274	$ 191,973	$ 137,425
Net income per common share—basic	$ 4.65	$ 2.13	$ 1.92
Net income per common share—diluted	$ 4.58	$ 2.08	$ 1.89

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to future anticipated awards.

19. Selected Interim Financial Information (unaudited)

The tables below reflect the Company's selected quarterly information for the years ended December 31, 2002 and 2001. Certain 2002 and 2001 amounts have been reclassified to conform to the current presentation of discontinued operations.

	2002 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Total revenue	$ 274,128	$ 289,771	$ 307,770	$ 363,154
Income before minority interest in Operating Partnership	68,848	75,823	74,626	87,643
Income available to common shareholders before extraordinary items	55,365	54,775	71,541	262,110
Net income available to common shareholders	55,365	54,775	71,541	260,146
Income available to common shareholders before extraordinary items per share—basic	.61	.60	.75	2.75
Income available to common shareholders before extraordinary items per share—diluted	.60	.59	.74	2.72

	2001 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Total revenue	$ 235,879	$ 258,839	$ 281,736	$ 270,016
Income before minority interest in Operating Partnership	67,477	66,098	71,299	72,746
Income available to common shareholders before extraordinary items and cumulative effect of a change in accounting principle	52,374	49,038	51,515	55,280
Net income available to common shareholders	45,607	49,038	51,515	55,280
Income available to common shareholders before extraordinary items and cumulative effect of a change in accounting principle per share—basic	.59	.54	.57	.61
Income available to common shareholders before extraordinary items and cumulative effect of a change in accounting principle per share—diluted	.57	.53	.55	.60

20. Pro Forma Financial Information (unaudited)

The accompanying unaudited pro forma information for the years ended December 31, 2002 and 2001 is presented as if the acquisitions of Citigroup Center on April 25, 2001 and 399 Park Avenue on September 25, 2002 had occurred on January 1, 2001 and all leases in effect on April 25, 2001 and September 25, 2002 were in place on January 1, 2001. This pro forma information is based upon the historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and 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.

	Year Ended December 31,	
	2002	2001

(in thousands, except per share data)				
Pro Forma				
Total revenue	$	1,325,974	$	1,200,597
Income available to common shareholders before gains on sales of real estate, discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$	249,692	$	234,369
Net income available to common shareholders	$	464,659	$	239,520
Basic earnings per share:				
Income available to common shareholders before gains on sales of real estate, discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$	2.68	$	2.60
Net income available to common shareholders	$	4.99	$	2.66
Weighted average number of common shares outstanding		93,145		90,002
Diluted earnings per share:				
Income available to common shareholders before gains on sales of real estate, discontinued operations, extraordinary items and cumulative effect of a change in accounting principle	$	2.64	$	2.54
Net income available to common shareholders	$	4.91	$	2.60
Weighted average number of common and common equivalent shares outstanding		94,612		92,200

21. Derivative Instruments and Hedging Activities

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"), as of January 1, 2001. 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 of SFAS No. 133 are recognized 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 income (loss) until the forecasted transactions occur and the ineffective portions are recognized in earnings.

On the date that the Company enters into a derivative contract, it designates the derivative as (1) a hedge of the variability of cash flows that are to be received or paid in connection with a recognized liability (a "cash flow" hedge), or (2) an instrument that is held for non-hedging purposes (a "non-hedging" instrument). Changes in the fair value of a derivative that is highly effective as—and

that is designated and qualifies as—a cash flow hedge, to the extent that the hedge is effective, are recorded in other comprehensive income, until earnings are affected by the hedged transaction (i.e. until periodic settlements of a variable-rate liability are recorded in earnings). Any hedge ineffectiveness (which represents the amount by which the changes in the fair value of the derivative exceed the variability in the cash flows of the forecasted transaction) is recorded in current-period earnings. Changes in the fair value of non-hedging instruments are reported in current-period earnings.

The Company occasionally executes a financial instrument in which a derivative instrument is "embedded." Upon executing the financial instrument, the Company assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the remaining component of the financial instrument (i.e., the host contract) and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined that (1) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract and (2) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract, carried at fair value, and designated as either (1) a fair-value or cash flow hedge or (2) a trading or non-hedging derivative instrument. However, if the entire contract were to be measured at fair value, with changes in fair value reported in current earnings, or if the Company could not reliably identify and measure the embedded derivative for purposes of separating that derivative from its host contract, the entire contract would be carried on the balance sheet at fair value and not be designated as a hedging instrument. Pursuant to SFAS No. 137, the Company has selected January 1, 1999 as the transition date for embedded derivatives.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to (1) specific assets and liabilities on the balance sheet or (2) forecasted transactions. The Company also assesses and documents, both at the hedging instrument's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows associated with the hedged items. When it is determined that a derivative is not (or has ceased to be) highly effective as a hedge, the Company discontinues hedge accounting prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when (1) it determines that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; or (4) management determines that designating the derivative as a hedging instrument is no longer appropriate.

When the Company discontinues hedge accounting because it is no longer probable that the forecasted transaction will occur in the originally expected period, the gain or loss on the derivative remains in accumulated other comprehensive income and is reclassified into earnings when the forecasted transaction affects earnings. However, if it is probable that a forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings.

The Company entered into interest rate protection agreements during 2000, generally for the purpose of fixing interest rates on variable rate construction loans in order to reduce the budgeted interest costs on the Company's development projects, which would translate into higher returns on investment as the development projects come on-line. These interest rate protection agreements expire at varying dates through February 2005. Other derivatives are not linked to specific assets or liabilities but are used by the Company to manage risk of the overall portfolio. Amounts included in accumulated other comprehensive income related to the effective portion of cash flow hedges will be reclassified into earnings over the estimated life of the constructed asset.

Upon adoption of SFAS No. 133 on January 1, 2001, the Company recorded an asset of approximately $0.2 million (included in prepaid expenses and other assets) and recorded a liability of approximately $11.4 million for the fair values of these agreements. The offset for these entries was to a cumulative effect of a change in accounting principle and accumulated other comprehensive loss, respectively. Finally, the Company wrote-off deferred charges of approximately $1.6 million as a cumulative effect of a change in accounting principle.

The Company's derivatives also include investments in warrants to purchase shares of common stock of other companies. 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 had been recording the warrants at fair value through accumulated other comprehensive loss as available-for-sale securities under SFAS No. 115. Upon adoption of SFAS No. 133 on January 1, 2001, the Company reclassified approximately $6.9 million, the fair value of the warrants, from accumulated other comprehensive loss to a cumulative effect of a change in accounting principle.

During 2001, the Company paid the fair value of the swap arrangement and two hedge contracts that were entered into during 2000 and part of 2001 in order to terminate the contracts. In addition, for the year ended December 31, 2001, the Company recorded unrealized derivative losses through other comprehensive income of approximately $2.5 million, related to the effective portion of interest rate agreements. The Company expects that within the next twelve months it will reclassify into earnings approximately $347,000 of the amount recorded in accumulated other comprehensive loss relating to these agreements.

During 2002, the Company entered into treasury rate lock contracts designated and qualifying as a cash flow hedge to reduce its exposure to variability in future cash flows attributable to changes in the Treasury rate relating to a forecasted fixed rate financing. All components of the treasury rate lock agreements were included in the assessment of hedge effectiveness. The amount of hedge ineffectiveness was not material. The Company terminated these contracts upon the issuance of the fixed rate debt, and paid approximately $3.5 million, which is reflected in other comprehensive income. The loss reflected in accumulated other comprehensive loss will be reclassified into earnings over the term of the fixed rate debt. The Company expects that within the next twelve months it will reclassify into earnings approximately $351,000 of the amount recorded in accumulated other comprehensive loss relating to these agreements.

For the year ended December 31, 2002 and 2001, the Company recorded net derivative losses of approximately $11.9 million and $26.5 million through earnings, which represented the total ineffectiveness of all cash flow hedges and other non-hedging instruments, the changes in value of the embedded derivatives and the change in value of the warrants. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness, except for the time value of option contracts.

22. Discontinued Operations and Sales of Real Estate

In October 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes FASB SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the accounting and reporting provisions for disposals of a segment of a business as addressed in APB Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and addresses various implementation issues of SFAS No. 121. In addition, SFAS No. 144 extends the reporting requirements of discontinued operations to include components of an entity that have either been disposed of or are classified as held for sale. The Company adopted SFAS No. 144 as of January 1, 2002.

During 2002, the Company disposed of five office/technical properties totaling 347,680 net rentable square feet in Springfield, Virginia, one industrial property totaling 220,213 net rentable square feet in Hayward, California and two Class A office properties totaling 917,459 net rentable square feet in Washington, DC. Due to the Company's continuing involvement in the management of the two Washington, DC properties through an agreement with the buyer, these properties are not categorized as discontinued operations in the accompanying consolidated statements of operations. As a result, the gain on sale related to the two Washington, DC properties, totaling approximately $186.8 million (net of minority interest share of approximately $41.1 million), has been reflected under the caption—gains (losses) on sales of real estate, in the consolidated statements of operations.

At December 31, 2002, the Company had one Class A office property totaling approximately 711,901 net rentable square feet in Midtown Manhattan, NY designated as held for sale. The Company has ceased depreciation of this property, however, due to the Company's anticipated continuing involvement in the management of the property after the sale, the Company has not categorized this property as discontinued operations in the accompanying consolidated statements of operations.

The Company's adoption of SFAS No. 144 resulted in the presentation of the net operating results of these qualifying properties sold during 2002, as income from discontinued operations for all periods presented. In addition, SFAS No. 144 resulted in the gains on sale of these qualifying properties totaling approximately $25.3 million (net of minority interest share of approximately $5.6 million) to be reflected as gains on sales of real estate from discontinued operations in the accompanying consolidated statements of operations. The adoption of SFAS No. 144 did not have an impact on net income available to common shareholders. SFAS No. 144 only impacted the presentation of these properties within the consolidated statements of operations.

23. Newly Issued Accounting Standards

In June 2001, the FASB issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". The provisions of SFAS No. 141 apply to all business combinations initiated after June 30, 2001. SFAS No. 142 becomes effective beginning January 1, 2002. The Company

adopted both these pronouncements for the year ended December 31, 2002 and neither had a material impact on its results of operations, financial position or liquidity.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires an entity to record a liability for an obligation associated with the retirement of an asset at the time the liability is incurred by capitalizing the cost as part of the carrying value of the related asset and depreciating it over the remaining useful life of that asset. The standard is effective

beginning January 1, 2003. The changes required by SFAS No. 143 are not expected to have a material impact on the Company's results of operations, financial position or liquidity.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses how and when to measure impairment on long-lived assets and how to account for long-lived assets that an entity plans to dispose of either through sale, abandonment, exchange, or distribution to owners. The Company adopted SFAS No. 144 as of January 1, 2002. See Note 22 for a discussion of the impact on the Company from the adoption of SFAS No. 144.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" which updates, clarifies, and simplifies certain existing accounting pronouncements beginning at various dates in 2002 and 2003. The statement rescinds SFAS No. 4 and SFAS No. 64, which required net gains or losses from the extinguishment of debt to be classified as an extraordinary item in the income statement. The Company anticipates that these gains and losses will no longer be classified as extraordinary items as they are not unusual and infrequent in nature. The changes required by SFAS No. 145 are not expected to have a material impact on the Company's results of operations, financial position or liquidity.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which becomes effective beginning January 1, 2003. This statement requires a cost associated with an exit or disposal activity, such as the sale or termination of a line of business, the closure of business activities in a particular location, or a change in management structure, to be recorded as a liability at fair value when it becomes probable the cost will be incurred and no future economic benefit will be gained by the Company for such termination costs, and costs to consolidate facilities or relocate employees. SFAS No. 146 supersedes Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," which in some cases required certain costs to be recognized before a liability was actually incurred. The adoption of this standard is not expected to have a material impact on the Company's results of operations, financial position or liquidity.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," which provides guidance on how to transition from the intrinsic value method of accounting for stock-based employee compensation under APB No. 25 to SFAS No. 123's fair value method of accounting, if a company so elects. The adoption of this standard is not expected to have a material impact on the Company's results of operations, financial position or liquidity.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN No. 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under a guarantee. FIN No. 45 clarifies the requirements of SFAS No. 5, Accounting for Contingencies, relating to guarantees. In general, FIN No. 45 applies to contracts or indemnification agreements that contingently require the guarantor to make payments to the guaranteed party based on changes in an underlying that is related to an asset, liability, or equity security of the guaranteed party. The disclosure requirements of FIN No. 45 are effective to the Company as of December 31, 2002, and require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of FIN No. 45 are to be applied

prospectively to guarantees issued or modified after December 31, 2002. The Company does not expect the requirements of FIN No. 45 to have a material impact on results of operations, financial position or liquidity.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN No. 46), "Consolidation of Variable Interest Entities." The objective of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN No. 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation became effective upon issuance. The Company does not believe the adoption of this interpretation will have a material impact on results of operations, financial position or liquidity.

24. Related Party Transactions

The Company paid a printing company affiliated with Mr. Mortimer B. Zuckerman, Chairman of the Company's Board of Directors, approximately $76,000, $73,000 and $86,000 during the years ended December 31, 2002, 2001 and 2000, respectively, for printing services principally relating to the printing of the Company's annual report to shareholders. The selection of this company as the printer for the Company's annual report to shareholders was made through a bidding process open to multiple printing companies.

The Company paid aggregate leasing commissions of approximately $591,000, $571,000 and $734,000 during the years ended December 31, 2002, 2001 and 2000, respectively, to a firm controlled by Mr. Raymond A. Ritchey's brother. Mr. Ritchey is an Executive Vice President at the Company. Substantially all of these payments were made by two joint ventures in which the Company has a 50% interest. The terms of the related agreement are at least as favorable to the Company as arrangements with other brokers in comparable markets.

Mr. Martin Turchin, a director of the Company, is a non-executive/non-director Vice Chairman of Insignia. Through an arrangement with Insignia that has been in place since 1985, Turchin & Associates, an affiliate of Mr. Turchin, participates in brokerage activities for which Insignia is retained as leasing agent, some of which involve leases for space within buildings owned by the Company. For the years ended December 31, 2002, 2001 and 2000, Turchin & Associates has advised the Company that it has received approximately $116,000, $943,000 and $437,000, respectively, from Insignia attributable to properties owned by the Company. Of this amount, $0.7 million is in conjunction with funds that the Company owed to Insignia related to the acquisition of 280 Park Avenue. The total amount that was paid to Turchin & Associates, excluding amounts paid related to obligations assumed in connection with the acquisition of 280 Park Avenue, represents approximately 4.83% of the total amount paid to Insignia by the Company since the date Mr. Turchin became a director of the Company in 1997. Pursuant to its arrangement with Insignia, Turchin & Associates has confirmed to the Company that it is paid on the same basis with respect to properties owned by the Company as it is with respect to properties owned by other clients of Insignia. Mr. Turchin does not participate in any discussions or other activities relating to the Company's contractual arrangements with Insignia either in his capacity as a member of the Company's Board of Directors or as a Vice Chairman of Insignia.

25. Subsequent Events

On January 17, 2003, the Company's Operating Partnership closed an unregistered offering of an additional $175.0 million in aggregate principal amount of its 6.25% senior unsecured notes due 2013. The notes were priced at 99.763% of their face amount to yield 6.28%. The Company used the net proceeds to repay the remaining balance of its unsecured bridge loan totaling approximately $105.7 million and to repay certain construction loans maturing in 2003 totaling approximately $60.0 million.

On January 17, 2003, the Company extended its $605.0 million Unsecured Line of Credit for a three year term expiring on January 17, 2006 with a provision for a one year extension. The interest rate on borrowings has been reduced from Eurodollar + 1.45% to Eurodollar + 0.70%, subject to adjustment in the event of a change in the Operating Partnership's unsecured debt ratings.

On January 28, 2003, the Company closed on the sale of the Candler Building, a Class A office property totaling approximately 541,000 square feet in Baltimore, Maryland for $63.1 million. The Company used the net proceeds to repay certain construction loans totaling approximately $60.9 million.

On February 4, 2003, the Company closed on the sale of 875 Third Avenue, a Class A office property totaling approximately 711,901 square feet in Midtown Manhattan, for $370.1 million. The Company used the net proceeds to repay the mortgage debt on the property totaling $146.9 million and to repay the construction loan on the Company's 111 Huntington Avenue property totaling $203.0 million.

Boston Properties, Inc.

Schedule 3—Real Estate and Accumulated Depreciation

December 31, 2002

(dollars in thousands)

Property Name	Type	Location	Encumbrances	Original		Costs Capitalized Subsequent to Acquisition	Land and Improvements	Building and Improvements	Land Held for Development	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built/ Renovated	Depreciable Lives (Years)
				Land	Building									
Embarcadero Center	Office	San Francisco, CA	$ 691,027	$ 211,297	$ 996,442	$ 96,103	$ 213,968	$ 1,089,874	$ —	$ —	$ 1,303,842	$ 114,389	1924/1989	(1)
399 Park Avenue	Office	New York, NY	—	339,200	700,358	—	339,200	700,358	—	—	1,039,558	4,668	1961	(1)
Prudential Center	Office	Boston, MA	508,106	90,168	712,546	159,371	91,516	809,233	39,890	21,446	962,085	67,889	1965/1993/2002	(1)
Citigroup Center	Office	New York, NY	516,679	241,600	494,782	2,664	241,600	497,446	—	—	739,046	20,806	1977/1997	(1)
Carnegie Center	Office	Princeton, NJ	150,503	101,772	349,089	23,769	110,086	364,544	—	—	474,630	37,407	1983-1999	(1)
Five Times Square	Office	New York, NY	372,905	158,530	288,589	—	158,530	288,589	—	—	447,119	6,974	2002	(1)
280 Park Avenue	Office	New York, NY	265,194	125,288	201,115	41,208	126,361	241,250	—	—	367,611	35,312	1968/95-96	(1)
599 Lexington Avenue	Office	New York, NY	225,000	81,040	100,507	80,710	81,734	180,523	—	—	262,257	89,274	1986	(1)
875 Third Avenue	Held for Sale	New York, NY	146,902	74,880	139,151	28,796	74,880	167,947	—	—	242,827	18,242	1982	(1)
Riverfront Plaza	Office	Richmond, VA	110,910	18,000	156,733	3,781	18,430	160,084	—	—	178,514	19,991	1990	(1)
Gateway Center	Office	San Francisco, CA	88,485	28,255	139,245	7,116	29,278	145,338	—	—	174,616	8,365	1984/1986/2002	(1)
100 East Pratt Street	Office	Baltimore, MD	88,652	27,562	109,662	4,698	27,798	114,124	—	—	141,922	15,519	1975/1991	(1)
Reservoir Place	Office	Waltham, MA	69,264	18,207	88,018	12,132	18,363	99,994	—	—	118,357	11,066	1955/1987	(1)
Democracy Center	Office	Bethesda, MD	104,298	12,550	50,015	32,085	13,727	80,923	—	—	94,650	34,679	1985-88/94-96	(1)
One and Two Reston Overlook	Office	Reston, VA	66,726	16,456	66,192	1,234	16,597	67,285	—	—	83,882	6,343	1999	(1)
NIMA Building	Office	Reston, VA	20,626	10,567	67,431	1,112	10,658	68,452	—	—	79,110	8,312	1987/1988	(1)
Lockheed	Office	Reston, VA	25,240	10,210	58,884	977	10,297	59,774	—	—	70,071	7,259	1987/1988	(1)

Martin Building														
Candler Building	Office	Baltimore, MD	—	12,500	48,734	2,276	12,555	50,955	—	—	63,510	5,671	1911/1990	(1)
Orbital Sciences	Office	Dulles, VA	23,611	5,699	51,082	1,282	5,748	52,315	—	—	58,063	3,638	2000/2001	(1)
2300 N Street	Office	Washington, DC	66,000	16,509	22,415	14,752	16,650	37,026	—	—	53,676	15,434	1986	(1)
Reston Corporate Center	Office	Reston, VA	23,806	9,135	41,398	1,387	9,213	42,707	—	—	51,920	5,363	1984	(1)
Capital Gallery	Office	Washington, DC	54,872	4,725	29,560	17,198	4,771	46,712	—	—	51,483	24,447	1981	(1)
191 Spring Street	Office	Lexington, MA	22,074	2,850	27,166	18,802	2,850	45,968	—	—	48,818	18,298	1971/1995	(1)
New Dominion Technology Park, Bldg. One	Office	Herndon, VA	57,549	3,880	43,227	712	3,880	43,939	—	—	47,819	2,385	2001	(1)
1301 New York Avenue	Office	Washington, DC	30,540	9,250	18,750	17,678	9,250	36,428	—	—	45,678	4,218	1983/1998	(1)
200 West Street	Office	Waltham, MA	—	16,148	24,983	164	16,148	25,147	—	—	41,295	3,854	1999	(1)
University Place	Office	Cambridge, MA	24,117	—	37,091	3,176	27	40,240	—	—	40,267	4,454	1985	(1)
Sumner Square	Office	Washington, DC	29,736	624	28,745	9,449	958	37,860	—	—	38,818	4,387	1985	(1)
2600 Tower Oaks Boulevard	Office	Rockville, MD	30,218	4,243	31,125	874	4,243	31,999	—	—	36,242	1,532	2001	(1)
Quorum Office Park	Office	Chelmsford, MA	28,818	3,750	32,454	—	3,750	32,454	—	—	36,204	1,086	2001	(1)
500 E Street	Office	Washington, DC	—	109	22,420	12,102	1,569	33,062	—	—	34,631	17,147	1987	(1)
One Cambridge Center	Office	Cambridge, MA	—	134	25,110	8,655	134	33,765	—	—	33,899	14,293	1987	(1)
Eight Cambridge Center	Office	Cambridge, MA	27,490	850	25,042	113	850	25,155	—	—	26,005	2,249	1999	(1)
Bedford Business Park	Office	Bedford, MA	20,591	534	3,403	18,753	534	22,156	—	—	22,690	10,913	1980	(1)

Boston Properties, Inc.

Schedule 3—Real Estate and Accumulated Depreciation

December 31, 2002

(dollars in thousands)

Property Name	Type	Location	Encumbrances	Original		Costs Capitalized Subsequent to Acquisition	Land and Improvements	Building and Improvements	Land Held for Development	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built/ Renovated	Depreciable Lives (Years)
				Land	Building									
Ten Cambridge Center	Office	Cambridge, MA	34,708	1,299	12,943	7,702	1,868	20,076	—	—	21,944	8,591	1990	(1)
Newport Office Park	Office	Quincy, MA	—	3,500	18,208	68	3,500	18,276	—	—	21,776	2,510	1988	(1)
201 Spring Street	Office	Lexington, MA	—	2,849	15,303	304	2,849	15,607	—	—	18,456	2,846	1997	(1)
10 and 20 Burlington Mall Road	Office	Burlington, MA	21,591	930	6,928	10,056	938	16,976	—	—	17,914	8,018	1984-1989/95-96	(1)
40 Shattuck Road	Office	Andover, MA	15,939	709	14,740	1,005	709	15,745	—	—	16,454	544	2001	(1)
Montvale Center	Office	Gaithersburg, MD	7,284	1,574	9,786	4,949	2,399	13,910	—	—	16,309	6,451	1987	(1)
Broad Run Business Park, Building E	Office	Loudon County, VA	—	497	15,131	—	497	15,131	—	—	15,628	263	2002	(1)
The Arboretum	Office	Reston, VA	—	2,850	9,025	2,380	2,850	11,405	—	—	14,255	1,560	1999	(1)
Lexington Office Park	Office	Lexington, MA	—	998	1,426	11,704	1,073	13,055	—	—	14,128	6,876	1982	(1)
Three Cambridge Center	Office	Cambridge, MA	—	174	12,200	1,370	174	13,570	—	—	13,744	5,460	1987	(1)
181 Spring Street	Office	Lexington, MA	—	1,066	9,520	1,996	1,066	11,516	—	—	12,582	952	1999	(1)
Sugarland Business Park	Office	Herndon, VA	—	1,569	5,955	4,434	1,569	10,389	—	—	11,958	2,427	1986/1997	(1)
Decoverly Three	Office	Rockville, MD	—	2,650	8,465	613	2,650	9,078	—	—	11,728	1,065	1989	(1)
Decoverly Two	Office	Rockville, MD	—	1,994	8,814	99	1,994	8,913	—	—	10,907	1,117	1987	(1)
91 Hartwell Avenue	Office	Lexington, MA	17,666	784	6,464	2,870	784	9,334	—	—	10,118	4,701	1985	(1)
92-100 Hayden Avenue	Office	Lexington, MA	—	594	6,748	2,717	594	9,465	—	—	10,059	4,484	1985	(1)
7501 Boston Boulevard, Building Seven	Office	Springfield, VA	—	665	9,273	9	665	9,282	—	—	9,947	1,237	1997	(1)
Waltham Office Center	Office	Waltham, MA	—	422	2,719	6,103	425	8,819	—	—	9,244	4,882	1968-1970/87-88	(1)
195 West Street	Office	Waltham, MA	—	1,611	6,652	939	1,611	7,591	—	—	9,202	2,571	1990	(1)
Eleven Cambridge Center	Office	Cambridge, MA	—	121	5,535	2,484	121	8,019	—	—	8,140	3,698	1984	(1)

170 Tracer Lane	Office	Waltham, MA	—	398	4,601	1,826	418	6,407	—	—	6,825	4,120	1980	(1)
7435 Boston Boulevard, Building One	Office	Springfield, VA	—	392	3,822	2,515	486	6,243	—	—	6,729	3,762	1982	(1)
7450 Boston Boulevard, Building Three	Office	Springfield, VA	—	1,165	4,681	328	1,327	4,847	—	—	6,174	664	1987	(1)
8000 Grainger Court, Building Five	Office	Springfield, VA	—	366	4,282	1,260	453	5,455	—	—	5,908	2,480	1984	(1)
7300 Boston Boulevard, Building Thirteen	Office	Springfield, VA	—	608	4,814	—	608	4,814	—	—	5,422	146	2002	(1)

Boston Properties, Inc.

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December 31, 2002

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				Land	Building									
32 Hartwell Avenue	Office	Lexington, MA	—	168	1,943	3,062	168	5,005	—	—	5,173	3,997	1968-1979/1987	(1)
Fourteen Cambridge Center	Office	Cambridge, MA	—	110	4,483	569	110	5,052	—	—	5,162	2,320	1983	(1)
7500 Boston Boulevard, Building Six	Office	Springfield, VA	—	138	3,749	1,212	273	4,826	—	—	5,099	1,826	1985	(1)
7601 Boston Boulevard, Building Eight	Office	Springfield, VA	—	200	878	3,506	378	4,206	—	—	4,584	1,932	1986	(1)
33 Hayden Avenue	Office	Lexington, MA	—	266	3,234	718	266	3,952	—	—	4,218	1,916	1979	(1)
8000 Corporate Court, Building Eleven	Office	Springfield, VA	—	136	3,071	564	687	3,084	—	—	3,771	1,140	1989	(1)
7375 Boston Boulevard, Building Ten	Office	Springfield, VA	—	23	2,685	766	47	3,427	—	—	3,474	1,385	1988	(1)
7451 Boston Boulevard, Building Two	Office	Springfield, VA	—	249	1,542	1,619	535	2,875	—	—	3,410	2,189	1982	(1)
204 Second Avenue	Office	Waltham, MA	—	37	2,402	847	37	3,249	—	—	3,286	1,835	1981/1993	(1)
7374 Boston Boulevard, Building Four	Office	Springfield, VA	—	241	1,605	701	303	2,244	—	—	2,547	998	1984	(1)
Hilltop Business Center	Office	San Francisco, CA	5,398	53	492	1,750	109	2,186	—	—	2,295	1,165	early 1970's	(1)
164 Lexington Road	Office	Billerica, MA	—	592	1,370	132	592	1,502	—	—	2,094	277	1982	(1)
17 Hartwell Avenue	Office	Lexington, MA	—	26	150	639	26	789	—	—	815	696	1968	(1)
38 Cabot Boulevard	Industrial	Langhorne, PA	—	329	1,238	2,608	329	3,846	—	—	4,175	2,835	1972/1984	(1)
40-46 Harvard Street	Industrial	Westwood, MA	—	351	1,782	1,327	351	3,109	—	—	3,460	3,102	1967/1996	(1)
430 Rozzi Place	Industrial	San Francisco, CA	—	9	217	33	9	250	—	—	259	107	early 1970's	(1)
560 Forbes Boulevard	Industrial	San Francisco, CA	—	9	120	—	9	120	—	—	129	79	early 1970's	(1)
Cambridge Center Marriott	Hotel	Cambridge, MA	—	478	37,918	11,121	478	49,039	—	—	49,517	17,860	1986	(1)
Long Wharf Marriott	Hotel	Boston, MA	—	1,708	31,904	10,945	1,708	42,849	—	—	44,557	21,238	1982	(1)
Residence Inn by Marriott	Hotel	Cambridge, MA	—	2,039	22,732	333	2,039	23,065	—	—	25,104	1,981	1999	(1)
Cambridge Center North Garage	Garage	Cambridge, MA	—	1,163	11,633	251	1,163	11,884	—	—	13,047	3,950	1990	(1)
12050 Sunset Hills Road	Garage	Reston, VA	—	—	9,459	—	—	9,459	—	—	9,459	—	Various	N/A

Boston Properties, Inc.

Schedule 3—Real Estate and Accumulated Depreciation

December 31, 2002

(dollars in thousands)

Property Name	Type	Location	Encumbrances	Original		Costs Capitalized Subsequent to Acquisition	Land and Improvements	Building and Improvements	Land Held for Development	Development and Construction in Progress	Total	Accumulated Depreciation	Year(s) Built/ Renovated	Depreciable Lives (Years)
				Land	Building									
Times Square Tower	Development	New York, NY	222,196	—	—	350,909	—	—	—	350,909	350,909	—	Various	N/A
Waltham Weston Corporate Center	Development	Waltham, MA	44,840	—	—	66,787	—	—	—	66,787	66,787	268	Various	N/A
New Dominion Technology Park, Bldg. Two	Development	Herndon, VA	7,558	—	—	9,434	—	—	—	9,434	9,434	—	Various	N/A
Plaza at Almaden	Land	San Jose, CA	—	—	—	36,230	—	—	36,230	—	36,230	—	Various	N/A
Tower Oaks Master Plan	Land	Rockville, MD	—	—	—	28,165	—	—	28,165	—	28,165	—	Various	N/A
Weston Corporate Center	Land	Weston, MA	—	—	—	21,163	—	—	21,163	—	21,163	—	Various	N/A
Washingtonian North	Land	Gaithersburg, MD	—	—	—	17,534	—	—	17,534	—	17,534	—	Various	N/A
77 4th Avenue	Land	Waltham, MA	—	—	—	14,397	—	—	14,397	—	14,397	—	Various	N/A
Reston Eastgate	Land	Reston, VA	—	—	—	8,844	—	—	8,844	—	8,844	—	Various	N/A
Reston Gateway	Land	Reston, VA	—	—	—	8,647	—	—	8,647	—	8,647	—	Various	N/A
Crane Meadow	Land	Marlborough, MA	—	—	—	8,600	—	—	8,600	—	8,600	—	Various	N/A
One Preserve Parkway	Land	Rockville, MD	—	—	—	6,803	—	—	6,803	—	6,803	—	Various	N/A
Broad Run Business Park	Land	Loudon County, VA	—	—	—	6,791	—	—	6,791	—	6,791	—	Various	N/A
Decoverly Seven	Land	Rockville, MD	—	—	—	5,290	5,290	—	—	—	5,290	—	Various	N/A
12280 Sunrise Valley Drive	Land	Reston, VA	—	—	—	4,062	—	—	4,062	—	4,062	—	Various	N/A
Decoverly Six	Land	Rockville, MD	—	—	—	3,913	—	—	3,913	—	3,913	—	Various	N/A
20 F Street	Land	Washington, DC	—	—	—	3,008	—	—	3,008	—	3,008	—	Various	N/A
Decoverly Five	Land	Rockville, MD	—	—	—	1,832	—	—	1,832	—	1,832	—	Various	N/A
Decoverly Four	Land	Rockville, MD	—	—	—	1,804	—	—	1,804	—	1,804	—	Various	N/A
Cambridge Master Plan	Land	Cambridge, MA	—	—	—	1,652	—	—	1,652	—	1,652	—	Various	N/A
Seven Cambridge Center	Land	Cambridge, MA	—	—	—	1,414	—	—	1,414	—	1,414	—	Various	N/A
30 Shattuck Road	Land	Andover, MA	—	—	—	1,117	—	—	1,117	—	1,117	—	Various	N/A
			$ 4,267,119	$1,694,632	$5,584,106	$ 1,341,959	$ 1,722,688	$ 6,233,567	$ 215,866	$ 448,576	$8,620,697	$ 800,385		

(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 $6.3 billion and $1.1 billion, respectively.

Boston Properties, Inc.

Real Estate and Accumulated Depreciation

December 31, 2002

(dollars in thousands)

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

	2002	2001	2000
Real Estate:			
Balance at the beginning of the year	$ 7,391,366	$ 6,054,785	$ 5,570,887
Additions to and improvements of real estate	1,426,026	1,357,543	759,540
Assets sold and written-off	(196,695)	(20,962)	(275,642)
Balance at the end of the year	$ 8,620,697	$ 7,391,366	$ 6,054,785
Accumulated Depreciation:			
Balance at the beginning of the year	$ 682,921	$ 553,264	$ 445,138
Depreciation expense	164,063	134,019	118,748
Assets sold and written-off	(46,599)	(4,362)	(10,622)

Balance at the end of the year	$ 800,385	$ 682,921	$ 553,264

QuickLinks

EXHIBIT 10.7

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 17th day of January, 2003 (the "EFFECTIVE DATE"), by and between Mortimer B. Zuckerman (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company and the Employee have entered into that certain Noncompetition Agreement, dated as of June 14, 1997, which agreement the parties desire to be amended and superseded in its entirety by this Agreement;

WHEREAS, the Company and the Employee, among others, have entered into that certain Indemnification Agreement, dated as of June 23, 1997 (the "DIRECTOR INDEMNIFICATION AGREEMENT"), and that certain Senior Employee Severance Agreement, dated as of July 30, 1998 (the "SEVERANCE AGREEMENT"), each as may be amended from time to time, and each of which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be three (3) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Chairman and as a member of the Board of Directors of the Company (the "BOARD OF DIRECTORS"). Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Board of Directors and shall serve the Company in such other or additional offices as the Employee may be requested to serve by the Board of Directors. In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's New York office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote a majority of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any organization that is not engaged in the acquisition, development, construction, operation, management, or leasing of any commercial real estate property; PROVIDED that such activities and related duties and pursuits do not materially restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Five Hundred Thousand Dollars ($500,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly. Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. The Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the

Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE; DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. The Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. The Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. The Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives, directors and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with the use of a Company-owned or leased automobile.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer

or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base

Salary to his date of death, plus his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's

health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company. Termination for Cause may only occur at a meeting of the Board of Directors called for this purpose and at which the Employee has the opportunity to be represented by counsel.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Board of Directors. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term shall be deemed a termination without Cause.

(ii) The Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations

hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto.

The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in

the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Agreement).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Agreement) under circumstances that would entitle him to payments and benefits under the Severance Agreement, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or

be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, PROVIDED, HOWEVER, that the Director Indemnification Agreement and Severance Agreement, each as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; PROVIDED that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are (i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration,

(iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; PROVIDED that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and Chief Executive Officer

/s/ Mortimer B. Zuckerman

Mortimer B. Zuckerman

EXHIBIT 10.8

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between Edward H. Linde (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company and the Employee have entered into that certain Employment Agreement, dated as of June 19, 1997, which agreement the parties desire to be amended, restated and superseded in its entirety by this Agreement;

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company and the Employee, among others, have entered into that certain Indemnification Agreement, dated as of June 23, 1997 (the "DIRECTOR INDEMNIFICATION AGREEMENT"), and that certain Senior Employee Severance Agreement, dated as of July 30, 1998 (the "SEVERANCE AGREEMENT"), each as may be amended from time to time, and each of which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be three (3) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title President and Chief Executive Officer and as a member of the Board of Directors of the Company (the "BOARD OF DIRECTORS"). Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Board of Directors and shall serve the Company in such other or additional offices as the Employee may be requested to serve by the Board of Directors. In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the

authority of the Board of Directors. The Employee shall be principally located at the Company's Boston office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially all of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any organization that is not engaged in the acquisition, development, construction, operation, management, or leasing of any commercial real estate property; PROVIDED that such activities and related duties and pursuits do not materially restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business

to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Five Hundred Thousand Dollars ($500,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly. Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. The Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any

administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE; DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. The Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. The Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. The Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives, directors and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with the use of a Company-owned or leased automobile.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any

adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a

"NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person

as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and

agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company. Termination for Cause may only occur at a meeting of the Board of Directors called for this purpose and at which the Employee has the opportunity to be represented by counsel.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Board of Directors. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term shall be deemed a termination without Cause.

(ii) The Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to

Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to

mitigate damages with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Agreement).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Agreement) under circumstances that would entitle him to payments

and benefits under the Severance Agreement, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, PROVIDED, HOWEVER, that the Director Indemnification Agreement and Severance Agreement, each as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; PROVIDED that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors,

administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and

Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are (i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; PROVIDED that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed

to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the

fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Robert E. Burke

Name: Robert E. Burke
Title: Executive Vice President
of Operations

/s/ Edward H. Linde

Edward H. Linde

EXHIBIT 10.9

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between Robert E. Burke (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company and the Employee have entered into that certain Employment Agreement, dated as of June 23, 1997, which agreement the parties desire to be amended, restated and superseded in its entirety by this Agreement;

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Executive Vice President for Operations. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Chief Executive Officer and/or President and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's Boston office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially ALL of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Three Hundred Eighty-Five Thousand Dollars ($385,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly. Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify

Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in

such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All

unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's

health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under

Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term, shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices

at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written

consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and

benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to

submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are (i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Robert E. Burke

Robert E. Burke

EXHIBIT 10.10

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between Bryan J. Koop (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Senior Vice President, Regional Manager. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Executive Vice President for Operation and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's Boston office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially ALL of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in

Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Two Hundred Sixty-Five Thousand Dollars ($265,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly.

Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The

obligation to indemnify hereunder shall survive the termination of

this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which

Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock

Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments

to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term, shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the

Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages

with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of

Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are

(i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of

counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Bryan J. Koop

Bryan J. Koop

EXHIBIT 10.11

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 26th day of November, 2002 (the "EFFECTIVE DATE"), by and between Mitchell S. Landis (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Senior Vice President, Regional Manager. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Executive Vice President for Operations and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's Princeton office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially ALL of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in

Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Two Hundred Five Thousand Dollars ($205,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly.

Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The

obligation to indemnify hereunder shall survive the termination of

this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which

Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock

Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments

to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term, shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the

Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages

with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of

Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are

(i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of

counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Mitchell S. Landis

Mitchell S. Landis

EXHIBIT 10.12

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between Douglas T. Linde (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Senior Vice President, Chief Financial Officer and Treasurer. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Chief Executive Officer and/or President and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's Boston office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially all of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in

Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Three Hundred Thousand Dollars ($300,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives

(including tax withholding), but in no event less frequently than monthly. Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company,

or any affiliate thereof for which he may serve in such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of

this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which

Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or

nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments

to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee

under Subparagraph (b) or (c), or (C) result from the expiration of the Term, shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the

Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages

with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the

end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are

(i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Douglas T. Linde

Douglas T. Linde

EXHIBIT 10.13

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between E. Mitchell Norville (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Senior Vice President, Regional Manager. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Executive Vice President for Operations and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's Washington, D.C. office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially ALL of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in

Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Two Hundred Seventy Thousand Dollars ($270,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly.

Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the

Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of

this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which

Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have

such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments

to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term,

shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the

Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages

with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with

the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are

(i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ E. Mitchell Norville

E. Mitchell Norville

EXHIBIT 10.14

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 16th day of December, 2002 (the "EFFECTIVE DATE"), by and between Robert E. Pester (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Senior Vice President, Regional Manager. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Executive Vice President for Operations and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's San Francisco office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially ALL of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in

Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Two Hundred Eighty-Five Thousand Dollars ($285,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly.

Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the

Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of

this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which

Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have

such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments

to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term,

shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the

Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages

with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with

the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any supplier, contractor, lender, employee, or governmental agency or authority; or

(b) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

Employee acknowledges that the foregoing restrictions are necessary to protect the confidential information of the Company and its affiliates.

This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement, including without limitation any claims arising under the California Fair Employment and Housing Act, shall be settled exclusively by arbitration in accordance with the Employment Resolution Dispute Rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph

7 or 9 hereof. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee

for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Robert E. Pester

Robert E. Pester

EXHIBIT 10.15

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between Raymond A. Ritchey (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company and the Employee have entered into that certain Employment Agreement, dated as of June 23, 1997, which agreement the parties desire to be amended, restated and superseded in its entirety by this Agreement;

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Executive Vice President. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Chief Executive Officer and/or President and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's Washington, D.C. office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially ALL of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Four Hundred Thousand Dollars ($400,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly. Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) AUTOMOBILE. The Company shall provide Employee with an automobile allowance of Seven Hundred Fifty Dollars ($750) per month, such amount to be increased from time to time in the Company's sole discretion and to be paid to Employee no less frequently than monthly.

(h) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(i) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to

the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in

such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such actions. The obligation to indemnify hereunder shall survive the termination of this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph 8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated

for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's

health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive

Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term, shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices

at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the

end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and

benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding

upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to

submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are (i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Raymond A. Ritchey

Raymond A. Ritchey

EXHIBIT 10.16

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "AGREEMENT") is made as of the 29th day of November, 2002 (the "EFFECTIVE DATE"), by and between Robert E. Selsam (the "EMPLOYEE") and Boston Properties, Inc., a Delaware corporation, with its principal executive office located at 111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199-7610 (together with its subsidiaries, the "COMPANY").

WITNESSETH THAT:

WHEREAS, the Company and the Employee have entered into that certain Employment Agreement, dated as of June 23, 1997, which agreement the parties desire to be amended, restated and superseded in its entirety by this Agreement;

WHEREAS, the Company has determined that it is in its best interest to continue the employment of the Employee on the terms hereinafter set forth;

WHEREAS, the Employee wishes to be so employed pursuant to the terms hereinafter set forth;

WHEREAS, the Company has adopted that certain Senior Executive Severance Plan, effective as of July 30, 1998 (the "SEVERANCE PLAN"), as may be amended from time to time, and which the parties desire to remain in full force and effect after the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Employee hereby agree as follows:

1. TERM. Subject to the provisions of Paragraph 8, the term of employment pursuant to this Agreement (the "TERM") shall be two (2) years from the Effective Date and shall be renewed automatically for periods of one (1) year commencing at each anniversary of the Effective Date, unless written notice is given by either party to the other not less than ninety (90) days prior to any such anniversary of such party's election not to extend the Term.

2. EMPLOYMENT; DUTIES; LOCATION.

(a) Employee shall initially serve as an officer of the Company with the title Senior Vice President, Regional Manager. Employee's duties and authority shall be commensurate with his title and position with the Company. The Employee shall report directly to the Executive Vice President for Operations and shall serve the Company in such other capacity or capacities as the Employee may be requested to serve by the Board of Directors of the Company (the "BOARD OF DIRECTORS"). In such capacity or capacities, the Employee shall perform such services and duties in connection with the business, affairs and operations of the Company as may be assigned or delegated to the Employee from time to time by or under the authority of the Board of Directors. The Employee shall be principally located at the Company's New York office.

(b) Employee agrees to his employment as described in this Paragraph 2 and agrees to devote substantially all of his working time and efforts to the performance of his duties hereunder, except as otherwise approved by the Board of Directors. Notwithstanding the foregoing, nothing herein shall be interpreted to preclude Employee from (i) engaging in Minority Interest Passive Investments (as defined below), including Minority Interest Passive Investments in, or relating to the ownership, development, operation, management, or leasing of, commercial real estate properties or (ii) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization; PROVIDED that such activities and related duties and pursuits do not restrict Employee's ability to fulfill his obligations as an officer and employee of the Company as set forth herein.

Engaging in a "MINORITY INTEREST PASSIVE INVESTMENT" means acquiring, holding, and exercising the voting rights associated with an investment made through (i) the purchase of securities (including partnership interests) that represent a non-controlling, minority interest in an entity or (ii) the lending of money, in either case with the purpose or intent of obtaining a return on such investment but without management by Employee of the property or business to which such investment directly or indirectly relates and without any business or strategic consultation by Employee with such entity.

3. COMPENSATION.

(a) BASE SALARY. The Company shall pay Employee an annual salary of Two Hundred Seventy-Five Thousand Dollars ($275,000) (the "BASE SALARY"), payable in accordance with the Company's normal business practices for senior executives (including tax withholding), but in no event less frequently than monthly. Employee's Base Salary shall be reviewed at least annually by the Board of Directors or the Compensation Committee of the Board of Directors (the "COMPENSATION COMMITTEE") and may be increased but not decreased in its discretion.

(b) BONUS. On each annual compensation determination date established by the Company during the Term, the Company shall review the performance of the Company and of Employee during the prior year, and the Company may provide Employee with additional compensation as a bonus if the Board of Directors, or the Compensation Committee, in its discretion, determines that Employee's contribution to the Company warrants such additional payment and the Company's anticipated financial performance for the present period permits such payment.

4. BENEFITS.

(a) MEDICAL/DENTAL INSURANCE. Employee shall be entitled to participate in any and all employee benefit plans, including all medical and dental insurance plans as in effect from time to time for senior executives of the Company. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee or any administrative or other committee provided for in, or contemplated by, such plan. Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time.

(b) LIFE INSURANCE/DISABILITY INSURANCE. The Company shall provide Employee with such life and/or disability insurance as the Company may from time to time make available to senior executives of the Company.

(c) EXPENSES. The Company shall promptly reimburse Employee for all reasonable business expenses incurred by Employee in accordance with the practices of the Company for senior executives of the Company, as in effect from time to time.

(d) VACATION. Employee shall receive paid vacation annually in accordance with terms determined for such Employee by the Company, but in no event shall Employee receive less than four weeks of paid vacation per year.

(e) STOCK OPTIONS; RESTRICTED STOCK. Employee shall be entitled to grants of stock options and restricted stock awards in an amount to be determined by the Compensation Committee in its discretion under the Boston Properties, Inc. 1997 Stock Option and Incentive Plan or any other stock option plan adopted by the Company from time to time (the "STOCK OPTION PLAN").

(f) DEFERRED COMPENSATION. Employee shall be entitled to participate in any deferred compensation plan or arrangement that the Company may have in place for its senior executives and/or officers.

(g) OTHER BENEFITS. The Company shall provide to Employee such other benefits, including the right to participate in such retirement or pension plans, as are made generally available to senior executives of the Company from time to time. Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable policies of the Company, and (iii) the discretion of the Board of Directors, the Compensation Committee, or any administrative or other committee provided for in, or contemplated by, such plan.

(h) TAXATION OF PAYMENTS AND BENEFITS. The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent that it reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Employee for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

5. INDEMNIFICATION. To the full extent permitted by law and subject to the Company's Certificate of Incorporation and Bylaws, the Company shall indemnify Employee with respect to any actions commenced against Employee in his capacity as a director or officer or former director or officer of the Company, or any affiliate thereof for which he may serve in such capacity, and the Company shall advance on a timely basis any expenses incurred in defending such

actions. The obligation to indemnify hereunder shall survive the termination of this Agreement. The Company agrees to use its best efforts to secure and maintain directors' and officers' liability insurance with respect to Employee.

6. COMPANY AUTHORITY/POLICIES. Employee agrees to observe and comply with the rules and regulations of the Company as adopted by its Board of Directors respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board of Directors.

7. RECORDS/NONDISCLOSURE/COMPANY POLICIES.

(a) GENERAL. All records, financial statements and similar documents obtained, reviewed or compiled by Employee in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Employee shall have no rights in such documents upon any termination of this Agreement.

(b) CONFIDENTIAL INFORMATION. Employee will not disclose to any person or entity (except as required by applicable law, the rules of the New York Stock Exchange, or otherwise in connection with the performance of his duties and responsibilities hereunder), or use for his own benefit or gain, any confidential information of the Company obtained by him incident to his employment with the Company. Employee shall take all reasonable steps to safeguard any confidential information and to protect such confidential information against disclosure, misuse, loss, or theft. The term "CONFIDENTIAL INFORMATION" includes, without limitation, financial information, business plans, prospects, and opportunities which have been discussed or considered by the management of the Company, but does not include any information which has become part of the public domain by means other than Employee's non-observance of his obligations hereunder.

This Paragraph 7 shall survive the termination of this Agreement.

8. TERMINATION/SEVERANCE.

(a) GENERAL.

(i) AT WILL EMPLOYMENT. Employee's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without cause, at the option of the Company, subject only to the severance obligations under this Paragraph 8.

(ii) NOTICE OF TERMINATION. Except for termination as a result of Employee's death as specified in Subparagraph 8(b), any termination of Employee's employment by the Company or any such termination by Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "NOTICE OF TERMINATION" shall mean a notice which shall indicate the specific termination provision hereunder relied upon by the terminating party.

(iii) DATE OF TERMINATION. "DATE OF TERMINATION" shall mean: (A) if Employee's employment is terminated by his death, the date of his death; (B) if Employee's employment is terminated on account of disability under Subparagraph 8(c), the date on which Notice of Termination is given; (C) if Employee's employment is terminated by the Company for Cause under Subparagraph 8(d), the date on which a Notice of Termination is given; (D) if Employee's employment is terminated by the Company without Cause under Subparagraph

8(e)(i), thirty (30) days after the date on which a Notice of Termination is given; and (E) if Employee's employment is terminated by Employee under Subparagraph 8(e)(ii) or 8(f), thirty (30) days after the date on which a Notice of Termination is given.

(b) DEATH. Employee's employment hereunder shall terminate upon his death. If Employee's employment terminates by reason of his death, the Company shall, within ninety (90) days of death, pay in a lump sum amount to such person as Employee shall designate in a notice filed with the Company or, if no such person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary to his date of death, plus his accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year. All unvested stock options and stock-based grants shall immediately vest in Employee's estate or other legal representatives and become exercisable or nonforfeitable, and Employee's estate or other legal representatives shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of

eighteen (18) months following the Date of Termination, and subject to the continued copayment of premium amounts by the Employee's spouse and dependents, the Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against the rights of the Employee's spouse and dependents under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). In addition to the foregoing, any payments to which Employee's spouse, beneficiaries, or estate may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(c) DISABILITY. If, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for one hundred eighty (180) calendar days in the aggregate in any twelve (12) month period, the Company may terminate Employee's employment hereunder. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, Employee shall continue to receive his accrued and unpaid Base Salary and accrued and unpaid target bonus, prorated for the number of days actually employed in the then current calendar year, until Employee's employment is terminated due to disability in accordance with this Subparagraph (c) or until Employee terminates his employment in accordance with Subparagraph (e)(ii) or (f), if earlier. All unvested stock options and stock-based grants shall immediately vest and become exercisable or nonforfeitable, and Employee shall have such period of time to exercise the stock options as is provided in the Stock Option Plan and agreements with Employee pursuant thereto. For a period of eighteen (18) months following the Date of Termination and subject to the Employee's continued copayment of premium amounts, the Employee, Employee's spouse and dependents shall continue to participate in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA. In addition to the foregoing, any payments to which Employee may be entitled under any employee benefit plan shall also be paid in accordance with the terms of such plan or arrangement. Such payments, in the aggregate, shall fully discharge the Company's obligations hereunder.

(d) TERMINATION BY THE COMPANY FOR CAUSE.

(i) The Company may terminate Employee's employment hereunder for Cause. "CAUSE" shall mean: (A) gross negligence or willful misconduct by Employee in connection with the performance of his material duties hereunder; (B) a breach by Employee of any of his material duties hereunder (for reasons other than physical or mental illness) and the failure of Employee to cure such breach within thirty (30) days after written notice thereof by the Company; (C) conduct by Employee against the material best interests of the Company or a material act of common law fraud against the Company or its affiliates or employees; or (D) indictment of Employee of a felony and such indictment has a material adverse affect on the interests or reputation of the Company.

(ii) If Employee's employment is terminated by the Company for Cause, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise provided hereunder; PROVIDED that any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. Notwithstanding the foregoing and in addition to whatever other rights or remedies the Company may have at law or in equity, all stock options and other stock-based grants held by Employee, whether vested or unvested as of the Date of Termination, shall immediately expire on the Date of Termination if Employee's employment is terminated by the Company for Cause.

(e) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EMPLOYEE FOR GOOD REASON.

(i) The Company may terminate Employee's employment hereunder without Cause if such termination is approved by the Chief Executive Officer or Chairman of the Company. Any termination by the Company of Employee's employment hereunder which does not (A) constitute a termination for Cause under Subparagraph (d)(i), (B) result from the death or disability of the Employee under Subparagraph (b) or (c), or (C) result from the expiration of the Term, shall be deemed a termination without Cause.

(ii) Employee may terminate his employment hereunder for

Good Reason. "GOOD REASON" shall mean: (A) a substantial adverse change, not consented to by Employee, in the nature or scope of Employee's responsibilities, authorities, powers, functions, or duties under this Agreement; (B) a breach by the Company of any of its material obligations hereunder and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Employee; or (C) the involuntary relocation of the Company's offices at which Employee is principally employed to a location more than fifty (50) miles from such offices, or the requirement by the Company that Employee be based anywhere other than the Company's offices at such location on an extended basis, except for required travel on the Company's business to an extent substantially consistent with Employee's business travel obligations.

(iii) If Employee's employment is terminated by the Company without Cause or if Employee terminates his employment for Good Reason in accordance with this Subparagraph (e), then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary and his accrued and unpaid target bonus prorated for the number of days actually employed in the then current calendar year. In addition, subject to signing by Employee of a general release of claims in a form and manner satisfactory to the Company, the Employee shall be entitled to the following:

(A) Salary continuation in an amount (the "SEVERANCE AMOUNT") equal to the sum of (x) his annual Base Salary under Subparagraph 3(a) and (y) the amount of his cash bonus, if any, received in respect of the immediately preceding year under Subparagraph 3(b). The Severance Amount shall be paid in equal monthly installments over a twelve (12) month period;

(B) All stock options and other stock-based awards, granted to Employee after the Effective Date, in which Employee would have vested if he had remained employed for a period of twelve (12) months commencing on the Date of Termination, shall vest and become exercisable or nonforfeitable as of the Date of Termination;

(C) Subject to the Employee's continued copayment of premium amounts, continued participation for twelve (12) months in the Company's health insurance plan upon the same terms and conditions in effect on the Date of Termination, PROVIDED, HOWEVER, that the continuation of health benefits under this Subparagraph shall reduce and count against Employee's rights under COBRA; and

(D) Subject to (B) above, all rights and benefits granted or in effect with respect to Employee under the Stock Option Plan and agreements with Employee pursuant thereto.

(f) VOLUNTARY TERMINATION BY EMPLOYEE. Employee may terminate his employment hereunder for any reason, including, but not limited to, Good Reason in accordance with Subparagraph (e)(ii). If Employee's employment is terminated by Employee other than for Good Reason, then the Company shall, through the Date of Termination, pay Employee his accrued and unpaid Base Salary. Thereafter, the Company shall have no further obligations to Employee except as otherwise expressly provided hereunder; PROVIDED any such termination shall not adversely affect or alter Employee's rights under any employee benefit plan of the Company in which Employee, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto. The vesting and exercise of any stock options and the forfeitability of any stock-based grants held by Employee shall be governed by the terms of the Stock Option Plan and the related agreements between Employee and the Company

(g) NO MITIGATION. Without regard to the reason for the termination of Employee's employment hereunder, Employee shall be under no obligation to mitigate damages with respect to such termination under any circumstances and in the event Employee is employed or receives income from any other source, there shall be no offset against the amounts due from the Company hereunder.

9. NONCOMPETITION. Because Employee's services to the Company are special and because Employee has access to the Company's confidential information, Employee covenants and agrees that during the Employment Period and until the end of a one-year period following the termination of Employee's employment with the Company for any reason, Employee shall not, without the prior written consent of the Company (which shall be authorized by approval of the Board of Directors of the Company, including the approval of a majority of the independent Directors of the Company), directly or indirectly:

(a) engage, participate or assist in, either individually or as an owner, partner, employee, consultant, director, officer, trustee, or agent of

any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management, or leasing of any commercial real estate property in any of the Company's Markets (as hereinafter defined) at the time of Employee's termination of employment;

(b) intentionally interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company or its affiliates and any tenant, supplier, contractor, lender, employee, or governmental agency or authority; or

(c) call upon, compete for, solicit, divert, or take away, or attempt to divert or take away any of the tenants or employees of the Company or its affiliates, either for himself or for any other business, operation, corporation, partnership, association, agency, or other person or entity.

"MARKET" as used herein means an area covering a 25 mile radius around (x) any property or land owned by the Company, under development by the Company or with respect to which the Company has an agreement or option to acquire a property, development or land or (y) any property or development for which the Company provides third party development or management services; PROVIDED that for any such property, development or land located in New York City, no such radial area shall extend beyond New York City.

This Paragraph 9 shall not be interpreted to prevent Employee from engaging in Minority Interest Passive Investments or any other activity permitted under Subparagraph 2(b). This Paragraph 9 shall survive the termination of this Agreement.

Notwithstanding anything to the contrary herein, the noncompetition provision of this Paragraph 9 shall not apply if Employee's employment terminates after a Change in Control (as defined in the Severance Plan).

10. CHANGE IN CONTROL PAYMENTS. Notwithstanding anything to the contrary in the foregoing, in the event that the Employee's employment terminates after a Change in Control (as defined in the Severance Plan) under circumstances that would entitle him to payments and benefits under the Severance Plan, he shall not be entitled to receive any payments or benefits under this Agreement.

11. CONFLICTING AGREEMENTS. Employee hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now

subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

12. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Address for notice for the Company is as shown above, or as subsequently modified by written notice. Address for notice for the Employee is the address shown on the records of the Company.

13. INTEGRATION. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties with respect to any related subject matter, provided, however, that the Severance Plan, as amended from time to time, shall remain in full force and effect hereafter.

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS, ETC. Neither the Company nor the Employee may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party; provided that the Company may assign its rights under this Agreement without the consent of the Employee in the event that the Company shall effect a reorganization, consolidate with or merge into any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity. This Agreement shall inure to the benefit of and be binding upon the Company and the Employee, their respective successors, executors, administrators, heirs and permitted assigns.

15. MISCELLANEOUS. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

16. AMENDMENT. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective.

17. ARBITRATION; OTHER DISPUTES. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 7 or 9 hereof. In the event that the Company terminates Employee's employment for Cause under Subparagraph 8(d)(i) and Employee contends that Cause did not exist, then the Company's only obligation shall be to submit such claim to arbitration and the only issue before the arbitrator will be whether Employee was in fact terminated for Cause. If the arbitrator determines that Employee was not terminated for Cause by the Company, then the only remedies that the arbitrator may award are (i) the Severance Amount specified in Subparagraph 8(e)(iii)(A), (ii) the costs of arbitration, (iii) Employee's reasonable attorneys' fees, (iv) the additional vesting of Employee's stock options and other stock-based awards in accordance with Subparagraph 8(e)(iii)(B), and (v) the

continued participation in the Company's health insurance plan in accordance with Subparagraph 8(e)(iii)(C). If the arbitrator finds that Employee was terminated for Cause, the arbitrator will be without authority to award Employee anything, and the parties will each be responsible for their own attorneys' fees, and they will divide the costs of arbitration equally. Furthermore, should a dispute occur concerning Employee's mental or physical capacity as described in Subparagraph 8(c), a doctor selected by Employee and a doctor selected by the Company shall be entitled to examine Employee. If the opinion of the Company's doctor and Employee's doctor conflict, the Company's doctor and Employee's doctor shall together agree upon a third doctor, whose opinion shall be binding. This Paragraph 17 shall survive the termination of this Agreement.

18. LITIGATION AND REGULATORY COOPERATION. During and after Employee's employment, Employee shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company; provided that such cooperation shall not materially and adversely affect Employee or expose Employee to an increased probability of civil or criminal litigation. Employee's cooperation in connection with such claims or actions shall include, without limitation, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall also provide Employee with compensation on an hourly basis calculated at his final base compensation rate for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Employee for all costs and expenses incurred in connection with his performance under this Paragraph 18, including, without limitation, reasonable attorneys' fees and costs.

19. SEVERABILITY. If any provision of this Agreement shall to any extent be held void or unenforceable (as to duration, scope, activity, subject or otherwise) by a court of competent jurisdiction, such provision shall be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable. In such event, the remainder of this Agreement (or the application of such provision to persons or circumstances other than those in respect of which it is deemed to be void or unenforceable) shall not be affected thereby. Each other provision of this Agreement, unless specifically conditioned on the voided aspect of such provision, shall remain valid and enforceable to the fullest extent permitted by law; any other provisions of this Agreement that are specifically conditioned on the voided aspect of such invalid provision shall also be deemed to be modified so as to constitute a provision conforming as nearly as possible to the original provision while still remaining valid and enforceable to the fullest extent permitted by law.

20. GOVERNING LAW. This Agreement shall be construed and regulated in all respects under the laws of the State of Delaware.

21. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

BOSTON PROPERTIES, INC.

By: /s/ Edward H. Linde

Name: Edward H. Linde
Title: President and
Chief Executive Officer

/s/ Robert E. Selsam

Robert E. Selsam

EXHIBIT 10.17

BOSTON PROPERTIES, INC.

SENIOR EXECUTIVE SEVERANCE AGREEMENT

AGREEMENT made as of this 30th day of July, 1998 by and among Boston Properties, Inc., a Delaware corporation with its principal place of business in Boston, Massachusetts (the "Company"), Boston Properties Limited Partnership, a Delaware limited partnership with its principal place of business in Boston, Massachusetts ("BPLP") (the Company and BPLP shall be hereinafter collectively referred to as the "Employers") and Mortimer B. Zuckerman of New York, New York (the "Executive"), an individual presently employed as the Chairman of the Board of the Company.

1. PURPOSE. The Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. The Board of Directors of the Company (the "Board") recognizes, however, that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in Section 2 hereof) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Therefore, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Employers' management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control. Nothing in this Agreement shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Employers, the Executive shall not have any right to be retained in the employ of the Employers.

2. CHANGE IN CONTROL. For purposes of this Plan, a "Change in Control" shall mean the occurrence of any one of the following events:

(a) any "PERSON," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Employers, 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 Employers), 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

(b) 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

(c) 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 (a) 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 (a)) 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 (a).

3. TERMINATING EVENT. A "Terminating Event" shall mean any of the events provided in this Section 3 occurring within twenty-four (24) months following a Change in Control:

(a) termination by the Employers of the employment of the Executive with the Employers for any reason other than for Cause or the death of the Executive. "Cause" shall mean, and shall be limited to, the occurrence of any one or more of the following events:

(i) a willful act of dishonesty by the Executive with respect to any matter involving any of the Employers; or

(ii) conviction of the Executive of a crime involving moral turpitude; or

(iii) the deliberate or willful failure by the Executive (other than by reason of the Executive's physical or mental illness, incapacity or disability) to substantially perform the Executive's duties with the Employers and the continuation of such failure for a period of 30 days after delivery by the Employers to the Executive of written notice specifying the scope and nature of such failure and their intention to terminate the Executive for Cause.

A Terminating Event shall not be deemed to have occurred pursuant to this Section 3(a) solely as a result of the Executive being an employee of any direct or indirect successor to the business or assets of either of the Employers, rather than continuing as an employee of the Employers following a Change in Control. For purposes of clauses (i) and (iii) of this Section 3(a), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Employers; or

(b) termination by the Executive of the Executive's employment with the Employers for Good Reason. "Good Reason" shall mean the occurrence of any of the following events:

(i) a substantial adverse change in the nature or scope of the Executive's responsibilities, authorities, title, powers, functions, or duties from the responsibilities, authorities, powers, functions, or duties exercised by the Executive immediately prior to the Change in Control; or

(ii) a reduction in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all or substantially all management employees; or

(iii) the relocation of the Employers' offices at which the Executive is principally employed immediately prior to the date of a Change in Control to a location more than thirty (30) miles from such offices, or the requirement by the Employers for the Executive to be based anywhere other than the Employers' offices at such location, except for required travel on the Employers' business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control; or

(iv) the failure by the Employers to pay to the Executive any

portion of his compensation or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Employers within fifteen (15) days of the date such compensation is due without prior written consent of the Executive; or

(v) the failure by the Employers to obtain an effective agreement from any successor to assume and agree to perform this Agreement.

4. SPECIAL TERMINATION PAYMENTS. In the event a Terminating Event occurs within twenty-four (24) months after a Change in Control,

(a) the Employers shall pay to the Executive an amount equal to the following:

(i) $3,000,000 if the Date of Termination (as such term is defined in Section 9(b)) is in calendar year 1998; or

(ii) $3,300,000 if the Date of Termination is in calendar year 1999; or

(iii) $3,630,000 if the Date of Termination is in calendar year 2000 or later.

Said amount shall be paid in one lump sum payment no later than thirty-one (31) days following the Date of Termination; and

(b) the Employers shall continue to provide health, dental and life insurance to the Executive, on the same terms and conditions as though the Executive had remained an active employee, for thirty-six (36) months after the Terminating Event; and

(c) the Employers shall provide COBRA benefits to the Executive following the end of the period referred to in Section 4(b) above, such benefits to be determined as though the Executive's employment had terminated at the end of such period; and

(d) the Employers shall pay to the Executive all reasonable legal and mediation fees and expenses incurred by the Executive in obtaining or enforcing any right or benefit provided by this Agreement, except in cases involving frivolous or bad faith litigation initiated by the Executive; and

(e) the Employers shall provide to the Executive financial counseling, tax preparation assistance and outplacement counseling for thirty-six (36) months after the Terminating Event.

Notwithstanding the foregoing, the special termination benefits required by Section 4(a) shall be offset by any amount paid or payable to the Executive by the Employers under the terms of any other plan.

5. ADDITIONAL BENEFITS.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any compensation payment or distribution by the Employers to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Severance Payments, any Federal, state, and local income tax, employment tax and Excise Tax upon the payment provided by this subsection, and any interest and/or penalties assessed with respect to such Excise Tax and not after the deduction of any other taxes or amounts, shall be equal to the Severance Payments. (The Gross-Up Payment is not intended to compensate the Executive for any income taxes payable with respect to the Severance Payments.)

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by Coopers & Lybrand, L.L.P. or any other nationally recognized accounting firm selected by the Employers (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Employers and the Executive

within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Employers or the Executive. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The initial Gross-Up Payment, if any, as determined pursuant to this Section 5(b), shall be paid to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, the Employers shall furnish the Executive with an opinion of counsel that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Employers and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Employers should have been made (an "Underpayment"). In the event that the Employers exhaust their remedies pursuant to Section 5(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall

determine the amount of the Underpayment that has occurred, consistent with the calculations required to be made hereunder, and any such Underpayment, and any interest and penalties imposed on the Underpayment and required to be paid by the Executive in connection with the proceedings described in Section 5(c), shall be promptly paid by the Employers to or for the benefit of the Executive.

(c) The Executive shall notify the Employers in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Employers of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Executive knows of such claim and shall apprise the Employers of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Employers (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Employers notify the Executive in writing prior to the expiration of such period that they desire to contest such claim, provided that the Employers have set aside adequate reserves to cover the Underpayment and any interest and penalties thereon that may accrue, the Executive shall:

(i) give the Employers any information reasonably requested by the Employers relating to such claim,

(ii) take such action in connection with contesting such claim as the Employers shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Employers,

(iii) cooperate with the Employers in good faith in order effectively to contest such claim, and

(iv) permit the Employers to participate in any proceedings relating to such claim; provided, however, that the Employers shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5(c), the Employers shall control all proceedings taken in connection with such contest and, at their sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at their sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Employers shall determine; provided, however, that if the Employers direct the Executive to

pay such claim and sue for a refund, the Employers shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Employers' control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issues raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Employers pursuant to Section 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Employers' complying with the requirements of Section 5(c)) promptly pay to the Employers the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Employers pursuant to Section 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Employers do not notify the Executive in writing of their intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. TERM. This Agreement shall take effect on the date first set forth above and shall terminate upon the earliest of (a) the termination by the Employers of the employment of the Executive for Cause; (b) the resignation or voluntary termination of the Executive for any reason prior to a Change in Control; or (c) the resignation of the Executive after a Change in Control for any reason other than the occurrence of any of the events enumerated in Section 3(b)(i)-(v) of this Agreement.

7. WITHHOLDING. All payments made by the Employers under this Agreement shall be net of any tax or other amounts required to be withheld by the Employers under applicable law.

8. NOTICE AND DATE OF TERMINATION; DISPUTES; ETC.

(a) NOTICE OF TERMINATION. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and the Date of

Termination. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the entire membership of the Board at a meeting of the Board (after reasonable notice to the Executive and an opportunity for the Executive, accompanied by the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the termination met the criteria for Cause set forth in Section 3(a) hereof.

(b) DATE OF TERMINATION. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control and during the term of this Agreement, shall mean the date specified in the Notice of Termination. In the case of a termination by the Employers other than a termination for Cause (which may be effective immediately), the Date of Termination shall not be less than 30 days after the Notice of Termination is given. In the case of a termination by the Executive, the Date of Termination shall not be less than 15 days from the date such Notice of Termination is given. Notwithstanding Section 3(a) of this Agreement, in the event that the Executive gives a Notice of Termination to the Employers, the Employers may unilaterally accelerate the Date of Termination and such acceleration shall not result in a second Terminating Event for purposes of Section 3(a) of this Agreement.

(c) NO MITIGATION. The Employers agree that, if the Executive's employment by the Employers is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Employers pursuant to Sections 4 and 5 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Employers, or otherwise.

(d) MEDIATION OF DISPUTES. The parties shall endeavor in good faith to settle within 90 days any controversy or claim arising out of or relating to this Agreement or the breach thereof through mediation with JAMS, Endispute or similar organizations. If the controversy or claim is not resolved within 90 days, the parties shall be free to pursue other legal remedies in law or equity.

9. ASSIGNMENT; PRIOR AGREEMENTS. Neither the Employers nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party, and without such consent any attempted transfer shall be null and void and of no effect. This Agreement shall inure to the benefit of and be binding upon the Employers and the Executive, their respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death after a Terminating Event but prior to the completion by the Employers of all payments due him under Sections 4 and 5 of this Agreement, the Employers shall continue such payments to the Executive's beneficiary designated in writing to the Employers prior to his death (or to his estate, if the Executive fails to make such designation).

10. ENFORCEABILITY. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11. WAIVER. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

12. NOTICES. Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to the Executive at the last address the Executive has filed in writing with the Employers, or to the Employers at their main office, attention of the Board of Directors.

13. EFFECT ON OTHER PLANS. Nothing in this Agreement shall be construed to limit the rights of the Executive under the Employers' benefit plans, programs or policies.

14. AMENDMENT. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Employers.

15. GOVERNING LAW. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts.

16. OBLIGATIONS OF SUCCESSORS. In addition to any obligations imposed by law upon any successor to the Employers, the Employers will use their best efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employers to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Employers would be required to perform if no such succession had taken place.

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Employers by their duly authorized officers and by the Executive, as of the date first above written.

BOSTON PROPERTIES, INC.

By: /s/ Robert E. Burke

Name: Robert E. Burke
Title: Executive Vice President

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: /s/ Robert E. Burke

Name: Robert E. Burke
Title: Executive Vice President

/s/ Mortimer B. Zuckerman

Mortimer B. Zuckerman

EXHIBIT 10.18

BOSTON PROPERTIES, INC.

SENIOR EXECUTIVE SEVERANCE AGREEMENT

AGREEMENT made as of this 30th day of July, 1998 by and among Boston Properties, Inc., a Delaware corporation with its principal place of business in Boston, Massachusetts (the "Company"), Boston Properties Limited Partnership, a Delaware limited partnership with its principal place of business in Boston, Massachusetts ("BPLP") (the Company and BPLP shall be hereinafter collectively referred to as the "Employers") and Edward H. Linde of Weston, Massachusetts (the "Executive"), an individual presently employed as the President and Chief Executive Officer of the Company.

1. PURPOSE. The Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. The Board of Directors of the Company (the "Board") recognizes, however, that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in Section 2 hereof) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Therefore, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Employers' management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control. Nothing in this Agreement shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Employers, the Executive shall not have any right to be retained in the employ of the Employers.

2. CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any one of the following events:

(a) any "PERSON," as such term is used in Sections 13(d) and 14(d) of the Act (other than the Employers, 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 Employers), 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

(b) 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

(c) 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 (a) 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 (a)) 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 (a).

3. TERMINATING EVENT. A "Terminating Event" shall mean any of the events provided in this Section 3 occurring within twenty-four (24) months following a Change in Control:

(a) termination by the Employers of the employment of the Executive with the Employers for any reason other than for Cause or the death of the Executive. "Cause" shall mean, and shall be limited to, the occurrence of any one or more of the following events:

(i) a willful act of dishonesty by the Executive with respect to any matter involving any of the Employers; or

(ii) conviction of the Executive of a crime involving moral turpitude; or

(iii) the deliberate or willful failure by the Executive (other than by reason of the Executive's physical or mental illness, incapacity or disability) to substantially perform the Executive's duties with the Employers and the continuation of such failure for a period of 30 days after delivery by the Employers to the Executive of written notice specifying the scope and nature of such failure and their intention to terminate the Executive for Cause.

A Terminating Event shall not be deemed to have occurred pursuant to this Section 3(a) solely as a result of the Executive being an employee of any direct or indirect successor to the business or assets of either of the Employers, rather than continuing as an employee of the Employers following a Change in Control. For purposes of clauses (i) and (iii) of this Section 3(a), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Employers; or

(b) termination by the Executive of the Executive's employment with the Employers for Good Reason. "Good Reason" shall mean the occurrence of any of the following events:

(i) a substantial adverse change in the nature or scope of the Executive's responsibilities, authorities, title, powers, functions, or duties from the responsibilities, authorities, powers, functions, or duties exercised by the Executive immediately prior to the Change in Control; or

(ii) a reduction in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all or substantially all management employees; or

(iii) the relocation of the Employers' offices at which the Executive is principally employed immediately prior to the date of a Change in Control to a location more than thirty (30) miles from such offices, or the requirement by the Employers for the Executive to be based anywhere other than the Employers' offices at such location, except for required travel on the Employers' business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control; or

(iv) the failure by the Employers to pay to the Executive any portion of his compensation or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Employers within fifteen (15) days of the date such compensation is due without prior written consent of the Executive; or

(v) the failure by the Employers to obtain an effective agreement from any successor to assume and agree to perform this Agreement.

4. SPECIAL TERMINATION PAYMENTS. In the event a Terminating Event occurs within twenty-four (24) months after a Change in Control,

(a) the Employers shall pay to the Executive an amount equal to the following:

(i) $3,000,000 if the Date of Termination (as such term is defined in Section 9(b)) is in calendar year 1998; or

(ii) $3,300,000 if the Date of Termination is in calendar year 1999; or

(iii) $3,630,000 if the Date of Termination is in calendar year 2000 or later.

Said amount shall be paid in one lump sum payment no later than thirty-one (31) days following the Date of Termination; and

(b) the Employers shall continue to provide health, dental and life insurance to the Executive, on the same terms and conditions as though the Executive had remained an active employee, for thirty-six (36) months after the Terminating Event; and

(c) the Employers shall provide COBRA benefits to the Executive following the end of the period referred to in Section 4(b) above, such benefits to be determined as though the Executive's employment had terminated at the end of such period; and

(d) the Employers shall pay to the Executive all reasonable legal and mediation fees and expenses incurred by the Executive in obtaining or enforcing any right or benefit provided by this Agreement, except in cases involving frivolous or bad faith litigation initiated by the Executive; and

(e) the Employers shall provide to the Executive financial counseling, tax preparation assistance and outplacement counseling for thirty-six (36) months after the Terminating Event.

Notwithstanding the foregoing, the special termination benefits required by Section 4(a) shall be offset by any amount paid or payable to the Executive by the Employers under the terms of any employment agreement or other plan.

5. ADDITIONAL BENEFITS.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any compensation payment or distribution by the Employers to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Severance Payments, any Federal, state, and local income tax, employment tax and Excise Tax upon the payment provided by this subsection, and any interest and/or penalties assessed with respect to such Excise Tax and not after the deduction of any other taxes or amounts, shall be equal to the Severance Payments. (The Gross-Up Payment is not intended to compensate the Executive for any income taxes payable with respect to the Severance Payments.)

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by Coopers & Lybrand, L.L.P. or any other nationally recognized accounting firm selected by the Employers (the "Accounting Firm"), which shall provide

detailed supporting calculations both to the Employers and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Employers or the Executive. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The initial Gross-Up Payment, if any, as determined pursuant to this Section 5(b), shall be paid to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, the Employers shall furnish the Executive with an opinion of counsel that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Employers and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Employers should have been made (an "Underpayment"). In the event that the Employers exhaust their remedies pursuant to Section 5(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall

determine the amount of the Underpayment that has occurred, consistent with the calculations required to be made hereunder, and any such Underpayment, and any interest and penalties imposed on the Underpayment and required to be paid by the Executive in connection with the proceedings described in Section 5(c), shall be promptly paid by the Employers to or for the benefit of the Executive.

(c) The Executive shall notify the Employers in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Employers of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Executive knows of such claim and shall apprise the Employers of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Employers (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Employers notify the Executive in writing prior to the expiration of such period that they desire to contest such claim, provided that the Employers have set aside adequate reserves to cover the Underpayment and any interest and penalties thereon that may accrue, the Executive shall:

(i) give the Employers any information reasonably requested by the Employers relating to such claim,

(ii) take such action in connection with contesting such claim as the Employers shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Employers,

(iii) cooperate with the Employers in good faith in order effectively to contest such claim, and

(iv) permit the Employers to participate in any proceedings relating to such claim; provided, however, that the Employers shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5(c), the Employers shall control all proceedings taken in connection with such contest and, at their sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at their sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Employers shall determine; provided, however, that if the Employers direct the Executive to

pay such claim and sue for a refund, the Employers shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Employers' control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issues raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Employers pursuant to Section 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Employers' complying with the requirements of Section 5(c)) promptly pay to the Employers the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Employers pursuant to Section 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Employers do not notify the Executive in writing of their intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. TERM. This Agreement shall take effect on the date first set forth above and shall terminate upon the earliest of (a) the termination by the Employers of the employment of the Executive for Cause; (b) the resignation or voluntary termination of the Executive for any reason prior to a Change in Control; or (c) the resignation of the Executive after a Change in Control for any reason other than the occurrence of any of the events enumerated in Section 3(b)(i)-(v) of this Agreement.

7. WITHHOLDING. All payments made by the Employers under this Agreement shall be net of any tax or other amounts required to be withheld by the Employers under applicable law.

8. NOTICE AND DATE OF TERMINATION; DISPUTES; ETC.

(a) NOTICE OF TERMINATION. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and the Date of Termination. Further, a Notice of Termination for Cause is required to include a copy of

a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the entire membership of the Board at a meeting of the Board (after reasonable notice to the Executive and an opportunity for the Executive, accompanied by the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the termination met the criteria for Cause set forth in Section 3(a) hereof.

(b) DATE OF TERMINATION. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control and during the term of this Agreement, shall mean the date specified in the Notice of Termination. In the case of a termination by the Employers other than a termination for Cause (which may be effective immediately), the Date of Termination shall not be less than 30 days after the Notice of Termination is given. In the case of a termination by the Executive, the Date of Termination shall not be less than 15 days from the date such Notice of Termination is given. Notwithstanding Section 3(a) of this Agreement, in the event that the Executive gives a Notice of Termination to the Employers, the Employers may unilaterally accelerate the Date of Termination and such acceleration shall not result in a second Terminating Event for purposes of Section 3(a) of this Agreement.

(c) NO MITIGATION. The Employers agree that, if the Executive's employment by the Employers is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Employers pursuant to Sections 4 and 5 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Employers, or otherwise.

(d) MEDIATION OF DISPUTES. The parties shall endeavor in good faith to settle within 90 days any controversy or claim arising out of or relating to this Agreement or the breach thereof through mediation with JAMS, Endispute or similar organizations. If the controversy or claim is not resolved within 90 days, the parties shall be free to pursue other legal remedies in law or equity.

9. ASSIGNMENT; PRIOR AGREEMENTS. Neither the Employers nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party, and without such consent any attempted transfer shall be null and void and of no effect. This Agreement shall inure to the benefit of and be binding upon the Employers and the Executive, their respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death after a Terminating Event but prior to the completion by the Employers of all payments due him under Sections 4 and 5 of this Agreement, the Employers shall continue such payments to the Executive's beneficiary designated in writing to the Employers prior to his death (or to his estate, if the Executive fails to make such designation).

10. ENFORCEABILITY. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of

this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11. WAIVER. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

12. NOTICES. Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to the Executive at the last address the Executive has filed in writing with the Employers, or to the Employers at their main office, attention of the Board of Directors.

13. EFFECT ON OTHER PLANS. Nothing in this Agreement shall be construed to limit the rights of the Executive under the Employers' benefit plans, programs or policies.

14. AMENDMENT. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Employers.

15. GOVERNING LAW. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts.

16. OBLIGATIONS OF SUCCESSORS. In addition to any obligations imposed by law upon any successor to the Employers, the Employers will use their best efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employers to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Employers would be required to perform if no such succession had taken place.

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Employers by their duly authorized officers and by the Executive, as of the date first above written.

BOSTON PROPERTIES, INC.

By: /s/ Robert E. Burke

Name: Robert E. Burke
Title: Executive Vice President

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: /s/ Robert E. Burke

Name: Robert E. Burke
Title: Executive Vice President

/s/ Edward H. Linde

Edward H. Linde

EXHIBIT 10.19

BOSTON PROPERTIES, INC.

SENIOR EXECUTIVE SEVERANCE PLAN

1. PURPOSE. Boston Properties, Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. The Board of Directors of the Company (the "Board") recognizes, however, that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in Section 2 hereof) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Therefore, the Board has determined that the Boston Properties, Inc. Senior Executive Severance Plan (the "Plan") should be adopted to reinforce and encourage the continued attention and dedication of the Executive Vice-Presidents of the Company, the Chief Financial Officer of the Company and the Regional Office Heads of the Company (each, a "Covered Employee"; collectively, the "Covered Employees"), to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control. Nothing in this Plan shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Covered Employee and the Company or any of its subsidiaries or affiliates (together with the Company, the "Employers"), the Covered Employee shall not have any right to be retained in the employ of the Employers.

2. CHANGE IN CONTROL. For purposes of this Plan, a "Change in Control" shall mean the occurrence of any one of the following events:

(a) any "PERSON," as such term is used in Sections 13(d) and 14(d) of the Act (other than any of the Employers, 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 any of the Employers), 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

(b) 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

(c) 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 (a) 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 (a)) 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 (a).

3. TERMINATING EVENT. A "Terminating Event" shall mean the termination of employment of a Covered Employee in connection with any of the events provided in this Section 3 occurring within twenty-four (24) months following a Change in Control:

(a) termination by the Employers of the employment of the Covered Employee with the Employers for any reason other than for Cause or the death or disability (as determined under the Employers' then existing long-term disability coverage) of such Covered Employee. "Cause" shall mean, and shall be limited to, the occurrence of any one or more of the following events:

(i) a willful act of dishonesty by the Covered Employee with respect to any matter involving any of the Employers; or

(ii) conviction of the Covered Employee of a crime involving moral turpitude; or

(iii) the deliberate or willful failure by the Covered Employee (other than by reason of the Covered Employee's physical or mental illness, incapacity or disability) to substantially perform the Covered Employee's duties with the Employers and the continuation of such failure for a period of 30 days after delivery by the Employers to the Covered Employee of written notice specifying the scope and nature of such failure and their intention to terminate the Covered Employee for Cause.

A Terminating Event shall not be deemed to have occurred pursuant to this Section 3(a) solely as a result of the Covered Employee being an employee of any direct or indirect successor to the business or assets of either of the Employers, rather than continuing as an employee of the Employers following a Change in Control. For purposes of clauses (i) and (iii) of this Section 3(a), no act, or failure to act, on the Covered Employee's part shall be deemed "willful" unless done, or omitted to be done, by the Covered Employee without reasonable belief that the Covered Employee's act, or failure to act, was in the best interest of the Employers; or

(b) termination by the Covered Employee of the Covered Employee's employment with the Employers for Good Reason. "Good Reason" shall mean the occurrence of any of the following events:

(i) a substantial adverse change in the nature or scope of the Covered Employee's responsibilities, authorities, title, powers, functions, or duties from the responsibilities, authorities, powers, functions, or duties exercised by the Covered Employee immediately prior to the Change in Control; or

(ii) a reduction in the Covered Employee's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all or substantially all management employees; or

(iii) the relocation of the Employers' offices at which the Covered Employee is principally employed immediately prior to the date of a Change in Control to a location more than thirty (30) miles from such offices, or the requirement by the Employers for the Covered Employee to be based anywhere other than the Employers' offices at such location, except for required travel on the Employers' business to an extent substantially consistent with the Covered Employee's business travel obligations immediately prior to the Change in Control; or

(iv) the failure by the Employers to pay to the Covered Employee any portion of his compensation or to pay to the Covered Employee any portion of an installment of deferred compensation under any deferred compensation program

of the Employers within fifteen (15) days of the date such compensation is due without prior written consent of the Covered Employee; or

(v) the failure by the Employers to obtain an effective agreement from any successor to assume and agree to perform this Agreement.

4. SPECIAL TERMINATION BENEFITS. In the event a Terminating Event occurs within twenty-four (24) months after a Change in Control with respect to a Covered Employee,

(a) the Employers shall pay to the Covered Employee an amount equal to the sum of the following:

(i) three (3) times the amount of the current annual base salary of the Covered Employee, determined prior to any reductions for pre-tax contributions to a cash or deferred arrangement or a cafeteria plan; and

(ii) three (3) times the amount of the average annual bonus earned by the Covered Employee with respect to the three (3) calendar years immediately prior to the Change in Control.

Said amount shall be paid in one lump sum payment no later than thirty-one (31) days following the Date of Termination (as such term is defined in Section 7(b)); and

(b) the Employers shall continue to provide health, dental and life insurance to the Covered Employee, on the same terms and conditions as though the Covered Employee had remained an active employee, for thirty-six (36) months after the Terminating Event; and

(c) the Employers shall provide COBRA benefits to the Covered Employee following the end of the period referred to in Section 4(b) above, such benefits to be determined as though the Covered Employee's employment had terminated at the end of such period; and

(d) the Employers shall pay to the Covered Employee all reasonable legal and mediation fees and expenses incurred by the Covered Employee in obtaining or enforcing any right or benefit provided by this Plan, except in cases involving frivolous or bad faith litigation initiated by the Covered Employee; and

(e) the Employers shall provide to the Covered Employee financial counseling, tax preparation assistance and outplacement counseling for thirty-six (36) months after the Terminating Event.

Notwithstanding the foregoing, the special termination benefits required by Section 4(a) shall be offset by any amount paid or payable to the Covered Employee by the Employers under the terms of any employment agreement or other plan.

5. ADDITIONAL BENEFITS.

(a) Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any compensation payment or distribution by the Employers to or for the benefit of the Covered Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Covered Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Covered Employee shall be entitled to receive an additional payment (a "Gross-Up Payment") such that the net amount retained by the Covered Employee, after deduction of any Excise Tax on the Severance Payments, any Federal, state, and local income tax, employment tax and Excise Tax upon the payment provided by this subsection, and any interest and/or penalties assessed with respect to such Excise Tax and not after the deduction of any other taxes or amounts, shall be equal to the Severance Payments. (The Gross-Up Payment is not intended to compensate the Covered Employee for any income taxes payable with respect to the Severance Payments.)

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by Coopers & Lybrand, L.L.P. or any other nationally recognized accounting firm selected by the Employers (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Employers and the Covered Employee within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Employers or the Covered Employee. For purposes of determining the amount of the Gross-Up Payment, the Covered Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Covered Employee's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The initial Gross-Up Payment, if any, as determined pursuant to this Section 5(b), shall be paid to the Covered Employee within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Covered Employee, the Employers shall furnish the Covered Employee with an opinion of counsel that failure to report the Excise Tax on the Covered Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Employers and the Covered Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Employers should have been made (an "Underpayment"). In the event that the Employers exhaust their remedies pursuant to Section 5(c) and the Covered Employee thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall

determine the amount of the Underpayment that has occurred, consistent with the calculations required to be made hereunder, and any such Underpayment, and any interest and penalties imposed on the Underpayment and required to be paid by the Covered Employee in connection with the proceedings described in Section 5(c), shall be promptly paid by the Employers to or for the benefit of the Covered Employee.

(c) The Covered Employee shall notify the Employers in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Employers of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Covered Employee knows of such claim and shall apprise the Employers of the nature of such claim and the date on which such claim is requested to be paid. The Covered Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Employers (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Employers notify the Covered Employee in writing prior to the expiration of such period that they desire to contest such claim, provided that the Employers have set aside adequate reserves to cover the Underpayment and any interest and penalties thereon that may accrue, the Covered Employee shall:

(i) give the Employers any information reasonably requested by the Employers relating to such claim,

(ii) take such action in connection with contesting such claim as the Employers shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Employers,

(iii) cooperate with the Employers in good faith in order effectively to contest such claim, and

(iv) permit the Employers to participate in any proceedings relating to such claim; provided, however, that the Employers shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Covered Employee harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5(c), the Employers shall control all proceedings taken in connection with such contest and, at their sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing

authority in respect of such claim and may, at their sole option, either direct the Covered Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Covered Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Employers shall determine; provided, however, that if the

Employers direct the Covered Employee to pay such claim and sue for a refund, the Employers shall advance the amount of such payment to the Covered Employee on an interest-free basis and shall indemnify and hold the Covered Employee harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Covered Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Employers' control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Covered Employee shall be entitled to settle or contest, as the case may be, any other issues raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Covered Employee of an amount advanced by the Employers pursuant to Section 5(c), the Covered Employee becomes entitled to receive any refund with respect to such claim, the Covered Employee shall (subject to the Employers' complying with the requirements of Section 5(c)) promptly pay to the Employers the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Covered Employee of an amount advanced by the Employers pursuant to Section 5(c), a determination is made that the Covered Employee shall not be entitled to any refund with respect to such claim and the Employers do not notify the Covered Employee in writing of their intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. WITHHOLDING. All payments made by the Employers under this Plan shall be net of any tax or other amounts required to be withheld by the Employers under applicable law.

7. NOTICE AND DATE OF TERMINATION; DISPUTES; ETC.

(a) NOTICE OF TERMINATION. Within twenty-four (24) months after a Change in Control, any purported termination of a Covered Employee's employment (other than by reason of death) shall be communicated by written Notice of Termination from the Employers to the Covered Employee or vice versa in accordance with this Section 7. For purposes of this Plan, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Plan relied upon and the Date of Termination. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the entire membership of the Board at a meeting of the Board (after reasonable notice to the Covered Employee and an opportunity for the Covered Employee, accompanied by the Covered Employee's counsel, to be heard before the Board) finding that, in the good faith

opinion of the Board, the termination met the criteria for Cause set forth in Section 3(a) hereof.

(b) DATE OF TERMINATION. "Date of Termination," with respect to any purported termination of a Covered Employee's employment within twenty-four (24) months after a Change in Control, shall mean the date specified in the Notice of Termination. In the case of a termination by the Employers other than a termination for Cause (which may be effective immediately), the Date of Termination shall not be less than 30 days after the Notice of Termination is given. In the case of a termination by a Covered Employee, the Date of Termination shall not be less than 15 days from the date such Notice of Termination is given. Notwithstanding Section 3(a) of this Plan, in the event that a Covered Employee gives a Notice of Termination to the Employers, the Employers may unilaterally accelerate the Date of Termination and such acceleration shall not result in a second Terminating

Event for purposes of Section 3(a) of this Plan.

(c) NO MITIGATION. The Covered Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Covered Employee by the Employers under this Plan. Further, the amount of any payment provided for in this Plan shall not be reduced by any compensation earned by the Covered Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Covered Employee to the Employers, or otherwise.

(d) MEDIATION OF DISPUTES. The parties shall endeavor in good faith to settle within 90 days any controversy or claim arising out of or relating to this Plan or the breach thereof through mediation with JAMS, Endispute or similar organizations. If the controversy or claim is not resolved within 90 days, the parties shall be free to pursue other legal remedies in law or equity.

8. BENEFITS AND BURDENS. This Plan shall inure to the benefit of and be binding upon the Employers and the Covered Employees, their respective successors, executors, administrators, heirs and permitted assigns. In the event of a Covered Employee's death after a Terminating Event but prior to the completion by the Employers of all payments due him under this Plan, the Employers shall continue such payments to the Covered Employee's beneficiary designated in writing to the Employers prior to his death (or to his estate, if the Covered Employee fails to make such designation).

9. ENFORCEABILITY. If any portion or provision of this Plan shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Plan, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Plan shall be valid and enforceable to the fullest extent permitted by law.

10. WAIVER. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Plan, or the waiver by any party of any breach of this Plan, shall

not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

11. NOTICES. Any notices, requests, demands, and other communications provided for by this Plan shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to a Covered Employee at the last address the Covered Employee has filed in writing with the Employers, or to the Employers at their main office, attention of the Board of Directors.

12. EFFECT ON OTHER PLANS. Nothing in this Plan shall be construed to limit the rights of the Covered Employees under the Employers' benefit plans, programs or policies.

13. AMENDMENT OR TERMINATION OF PLAN. The Company may amend or terminate this Plan at any time or from time to time; provided, however, that no such amendment shall, without the consent of the Covered Employees, in any material adverse way affect the rights of the Covered Employees, and no termination shall be made without the written consent of the Covered Employees.

14. GOVERNING LAW. This Plan shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts.

15. OBLIGATIONS OF SUCCESSORS. In addition to any obligations imposed by law upon any successor to the Employers, the Employers will use their best efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employers to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Employers would be required to perform if no such succession had taken place.

Adopted: As of July 30, 1998

EXHIBIT 10.20

BOSTON PROPERTIES, INC.

EXECUTIVE SEVERANCE PLAN

1. PURPOSE. Boston Properties, Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. The Board of Directors of the Company (the "Board") recognizes, however, that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in Section 2 hereof) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Therefore, the Board has determined that the Boston Properties, Inc. Executive Severance Plan (the "Plan") should be adopted to reinforce and encourage the continued attention and dedication of the Senior Vice-Presidents of the Company and the Vice Presidents with ten (10) or more years of service with the Company (each, a "Covered Employee"; collectively, the "Covered Employees"), to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control. Nothing in this Plan shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Covered Employee and the Company or any of its subsidiaries or affiliates (together with the Company, the "Employers"), the Covered Employee shall not have any right to be retained in the employ of the Employers.

2. CHANGE IN CONTROL. For purposes of this Plan, a "Change in Control" shall mean the occurrence of any one of the following events:

(a) any "PERSON," as such term is used in Sections 13(d) and 14(d) of the Act (other than any of the Employers, 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 any of the Employers), 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

(b) 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

(c) 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 (a) 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 (a)) 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 (a).

3. TERMINATING EVENT. A "Terminating Event" shall mean the termination of employment of a Covered Employee in connection with any of the events provided in this Section 3 occurring within twelve (12) months following a Change in Control:

(a) termination by the Employers of the employment of the Covered Employee with the Employers for any reason other than for Cause or the death or disability (as determined under the Employers' then existing long-term disability coverage) of such Covered Employee. "Cause" shall mean, and shall be limited to, the occurrence of any one or more of the following events:

(i) a willful act of dishonesty by the Covered Employee with respect to any matter involving any of the Employers; or

(ii) conviction of the Covered Employee of a crime involving moral turpitude; or

(iii) the deliberate or willful failure by the Covered Employee (other than by reason of the Covered Employee's physical or mental illness, incapacity or disability) to substantially perform the Covered Employee's duties with the Employers and the continuation of such failure for a period of 30 days after delivery by the Employers to the Covered Employee of written notice specifying the scope and nature of such failure and their intention to terminate the Covered Employee for Cause.

A Terminating Event shall not be deemed to have occurred pursuant to this Section 3(a) solely as a result of the Covered Employee being an employee of any direct or indirect successor to the business or assets of either of the Employers, rather than continuing as an employee of the Employers following a Change in Control. For purposes of clauses (i) and (iii) of this Section 3(a), no act, or failure to act, on the Covered Employee's part shall be deemed "willful" unless done, or omitted to be done, by the Covered Employee without reasonable belief that the Covered Employee's act, or failure to act, was in the best interest of the Employers; or

(b) termination by the Covered Employee of the Covered Employee's employment with the Employers for Good Reason. "Good Reason" shall mean the occurrence of any of the following events:

(i) a substantial adverse change in the nature or scope of the Covered Employee's responsibilities, authorities, title, powers, functions, or duties from the responsibilities, authorities, powers, functions, or duties exercised by the Covered Employee immediately prior to the Change in Control; or

(ii) a reduction in the Covered Employee's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all or substantially all management employees; or

(iii) the relocation of the Employers' offices at which the Covered Employee is principally employed immediately prior to the date of a Change in Control to a location more than thirty (30) miles from such offices, or the requirement by the Employers for the Covered Employee to be based anywhere other than the Employers' offices at such location, except for required travel on the Employers' business to an extent substantially consistent with the Covered Employee's business travel obligations immediately prior to the Change in Control; or

(iv) the failure by the Employers to pay to the Covered Employee any portion of his compensation or to pay to the Covered Employee any portion of an

installment of deferred compensation under any deferred compensation program of the Employers within fifteen (15) days of the date such compensation is due without prior written consent of the Covered Employee; or

(v) the failure by the Employers to obtain an effective agreement from any successor to assume and agree to perform this Agreement.

4. SPECIAL TERMINATION BENEFITS. In the event a Terminating Event occurs within twelve (12) months after a Change in Control with respect to a Covered Employee,

(a) the Employers shall pay to the Covered Employee an amount equal to the sum of the following:

(i) two (2) times the amount of the current annual base salary of the Covered Employee, determined prior to any reductions for pre-tax contributions to a cash or deferred arrangement or a cafeteria plan; and

(ii) two (2) times the amount of the average annual bonus earned by the Covered Employee with respect to the three (3) calendar years immediately prior to the Change in Control.

Said amount shall be paid in one lump sum payment no later than thirty-one (31) days following the Date of Termination (as such term is defined in Section 7(b)); and

(b) the Employers shall continue to provide health, dental and life insurance to the Covered Employee, on the same terms and conditions as though the Covered Employee had remained an active employee, for twenty-four (24) months after the Terminating Event; and

(c) the Employers shall provide COBRA benefits to the Covered Employee following the end of the period referred to in Section 4(b) above, such benefits to be determined as though the Covered Employee's employment had terminated at the end of such period; and

(d) the Employers shall pay to the Covered Employee all reasonable legal and mediation fees and expenses incurred by the Covered Employee in obtaining or enforcing any right or benefit provided by this Plan, except in cases involving frivolous or bad faith litigation initiated by the Covered Employee; and

(e) the Employers shall provide to the Covered Employee financial counseling, tax preparation assistance and outplacement counseling for twenty-four (24) months after the Terminating Event.

Notwithstanding the foregoing, the special termination benefits required by Section 4(a) shall be offset by any amount paid or payable to the Covered Employee by the Employers under the terms of any employment agreement or other plan.

5. ADDITIONAL BENEFITS.

(a) Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any compensation payment or distribution by the Employers to or for the benefit of the Covered Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Covered Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Covered Employee shall be entitled to receive an additional payment (a "Gross-Up Payment") such that the net amount retained by the Covered Employee, after deduction of any Excise Tax on the Severance Payments, any Federal, state, and local income tax, employment tax and Excise Tax upon the payment provided by this subsection, and any interest and/or penalties assessed with respect to such Excise Tax and not after the deduction of any other taxes or amounts, shall be equal to the Severance Payments. (The Gross-Up Payment is not intended to compensate the Covered Employee for any income taxes payable with respect to the Severance Payments.)

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by Coopers & Lybrand, L.L.P. or any other nationally recognized accounting firm selected by the Employers (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Employers and the Covered Employee within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Employers or the Covered Employee. For purposes of determining the amount of the Gross-Up Payment, the Covered Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Covered Employee's residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The initial Gross-Up Payment, if any, as determined pursuant to this Section 5(b), shall be paid to the Covered Employee within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Covered Employee, the Employers shall furnish the Covered Employee with an opinion of counsel that failure to report the Excise Tax on the Covered Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Employers and the Covered Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Employers should have been made (an "Underpayment"). In the event that the Employers exhaust their remedies pursuant to Section 5(c) and the Covered Employee thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall

determine the amount of the Underpayment that has occurred, consistent with the calculations required to be made hereunder, and any such Underpayment, and any interest and penalties imposed on the Underpayment and required to be paid by the Covered Employee in connection with the proceedings described in Section 5(c), shall be promptly paid by the Employers to or for the benefit of the Covered Employee.

(c) The Covered Employee shall notify the Employers in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Employers of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Covered Employee knows of such claim and shall apprise the Employers of the nature of such claim and the date on which such claim is requested to be paid. The Covered Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Employers (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Employers notify the Covered Employee in writing prior to the expiration of such period that they desire to contest such claim, provided that the Employers have set aside adequate reserves to cover the Underpayment and any interest and penalties thereon that may accrue, the Covered Employee shall:

(i) give the Employers any information reasonably requested by the Employers relating to such claim,

(ii) take such action in connection with contesting such claim as the Employers shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Employers,

(iii) cooperate with the Employers in good faith in order effectively to contest such claim, and

(iv) permit the Employers to participate in any proceedings relating to such claim; provided, however, that the Employers shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Covered Employee harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5(c), the Employers shall control all proceedings taken in connection with such contest and, at their sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing

authority in respect of such claim and may, at their sole option, either direct the Covered Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Covered Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Employers shall determine; provided, however, that if the

Employers direct the Covered Employee to pay such claim and sue for a refund, the Employers shall advance the amount of such payment to the Covered Employee on an interest-free basis and shall indemnify and hold the Covered Employee harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Covered Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Employers' control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Covered Employee shall be entitled to settle or contest, as the case may be, any other issues raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Covered Employee of an amount advanced by the Employers pursuant to Section 5(c), the Covered Employee becomes entitled to receive any refund with respect to such claim, the Covered Employee shall (subject to the Employers' complying with the requirements of Section 5(c)) promptly pay to the Employers the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Covered Employee of an amount advanced by the Employers pursuant to Section 5(c), a determination is made that the Covered Employee shall not be entitled to any refund with respect to such claim and the Employers do not notify the Covered Employee in writing of their intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. WITHHOLDING. All payments made by the Employers under this Plan shall be net of any tax or other amounts required to be withheld by the Employers under applicable law.

7. NOTICE AND DATE OF TERMINATION; DISPUTES; ETC.

(a) NOTICE OF TERMINATION. Within twelve (12) months after a Change in Control, any purported termination of a Covered Employee's employment (other than by reason of death) shall be communicated by written Notice of Termination from the Employers to the Covered Employee or vice versa in accordance with this Section 7. For purposes of this Plan, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Plan relied upon and the Date of Termination. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the entire membership of the Board at a meeting of the Board (after reasonable notice to the Covered Employee and an opportunity for the Covered Employee, accompanied by the Covered Employee's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the termination met the criteria for Cause set forth in Section 3(a) hereof.

(b) DATE OF TERMINATION. "Date of Termination," with respect to any purported termination of a Covered Employee's employment within twelve (12) months after a Change in Control, shall mean the date specified in the Notice of Termination. In the case of a termination by the Employers other than a termination for Cause (which may be effective immediately), the Date of Termination shall not be less than 30 days after the Notice of Termination is given. In the case of a termination by a Covered Employee, the Date of Termination shall not be less than 15 days from the date such Notice of Termination is given. Notwithstanding Section 3(a) of this Plan, in the event that a Covered Employee gives a Notice of Termination to the Employers, the Employers may unilaterally accelerate the Date of Termination and such acceleration shall not result in a second Terminating Event for purposes of Section 3(a) of this Plan.

(c) NO MITIGATION. The Covered Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Covered Employee by the Employers under this Plan. Further, the amount of any payment provided for in this Plan shall not be reduced by any compensation earned by the Covered Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Covered Employee to the Employers, or otherwise.

(d) MEDIATION OF DISPUTES. The parties shall endeavor in good faith to settle within 90 days any controversy or claim arising out of or relating to this Plan or the breach thereof through mediation with JAMS, Endispute or similar organizations. If the controversy or claim is not resolved within 90 days, the parties shall be free to pursue other legal remedies in law or equity.

8. BENEFITS AND BURDENS. This Plan shall inure to the benefit of and be binding upon the Employers and the Covered Employees, their respective successors, executors, administrators, heirs and permitted assigns. In the event of a Covered Employee's death after a Terminating Event but prior to the completion by the Employers of all payments due him under this Plan, the Employers shall continue such payments to the Covered Employee's beneficiary designated in writing to the Employers prior to his death (or to his estate, if the Covered Employee fails to make such designation).

9. ENFORCEABILITY. If any portion or provision of this Plan shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Plan, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Plan shall be valid and enforceable to the fullest extent permitted by law.

10. WAIVER. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Plan, or the waiver by any party of any breach of this Plan, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

11. NOTICES. Any notices, requests, demands, and other communications provided for by this Plan shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to a Covered Employee at the last address the Covered Employee has filed in writing with the Employers, or to the Employers at their main office, attention of the Board of Directors.

12. EFFECT ON OTHER PLANS. Nothing in this Plan shall be construed to limit the rights of the Covered Employees under the Employers' benefit plans, programs or policies.

13. AMENDMENT OR TERMINATION OF PLAN. The Company may amend or terminate this Plan at any time or from time to time; provided, however, that no such amendment shall, without the consent of the Covered Employees, in any material adverse way affect the rights of the Covered Employees, and no termination shall be made without the written consent of the Covered Employees.

14. GOVERNING LAW. This Plan shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts.

15. OBLIGATIONS OF SUCCESSORS. In addition to any obligations imposed by law upon any successor to the Employers, the Employers will use their best efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employers to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Employers would be required to perform if no such succession had taken place.

Adopted: As of July 30, 1998

EXHIBIT 10.23

THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

among

BOSTON PROPERTIES LIMITED PARTNERSHIP

and

OTHER BORROWERS WHICH MAY BECOME PARTIES TO THIS AGREEMENT

and

FLEET NATIONAL BANK
BANK OF AMERICA, N.A.
COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES
JPMORGAN CHASE BANK
WELLS FARGO BANK NATIONAL ASSOCIATION
PNC BANK, NATIONAL ASSOCIATION
THE BANK OF NEW YORK
CITICORP NORTH AMERICA, INC.
BAYERISCHE HYPO-UND VEREINSBANK AG, NEW YORK BRANCH
DEUTSCHE BANK TRUST COMPANY AMERICAS
KEYBANK, N.A.
DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES
CITIZENS BANK

and

OTHER BANKS WHICH MAY BECOME PARTIES TO THIS AGREEMENT, AS BANKS

and

FLEET NATIONAL BANK,
AS MANAGING ADMINISTRATIVE AGENT

BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT

and

COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES
JPMORGAN CHASE BANK
and
WELLS FARGO BANK NATIONAL ASSOCIATION,
AS CO-DOCUMENTATION AGENTS

with

FLEET SECURITIES, INC. AND BANC OF AMERICA SECURITIES LLC,
ACTING AS JOINT LEAD ARRANGERS AND JOINT BOOKRUNNERS

Dated as of January 17, 2003

TABLE OF CONTENTS

EXHIBITS TO THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

SCHEDULES TO THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

This THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT is made as of the 17th day of January, 2003, by and among BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership ("BPLP") and the Wholly-owned Subsidiaries (defined below) which are listed on SCHEDULE 1 hereto (as such Schedule 1 may be amended from time to time) (BPLP and any such Wholly-owned Subsidiary being hereinafter referred to collectively as the "Borrower" unless referred to in their individual capacities), having their principal place of business at 800 Boylston Street, Boston, Massachusetts 02199; FLEET NATIONAL BANK ("Fleet"), having its principal place of business at One Federal Street, Boston, Massachusetts 02109 and the other lending institutions listed on SCHEDULE 2 hereto or which may become parties hereto pursuant to Section 20 (individually, a "Bank" and collectively, the "Banks"); FLEET, as managing administrative agent for itself and each other Bank; BANK OF AMERICA, N.A., as Syndication Agent, and COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES, JPMORGAN CHASE BANK and WELLS FARGO BANK NATIONAL ASSOCIATION, as Co-Documentation Agents; and FLEET SECURITIES, INC. and BANC OF AMERICA SECURITIES LLC, as Joint Lead Arrangers and Joint Bookrunners.

RECITALS

A. The Borrower, certain of its Subsidiaries and BankBoston, N.A. entered into that certain Revolving Credit Agreement dated as of June 23, 1997 (as amended, the "Initial Credit Agreement") and acted as agent thereunder.

B. The Initial Credit Agreement (i) was amended and restated in its entirety as of March 31, 1998 pursuant to the Amended and Restated Revolving Credit Agreement among the Borrower, certain of its Subsidiaries, BankBoston, N.A., individually and as managing administrative agent, and certain other financial institutions, including Fleet, and (ii) was further amended and restated in its entirety again as of March 31, 2000 pursuant to the Second Amended and Restated Revolving Credit Agreement among the Borrower, certain of its Subsidiaries, Fleet (as successor to BankBoston, N.A.), individually and as managing administrative agent, and certain other financial institutions (such Second Amended and Restated Revolving Credit Agreement, as amended, the "Existing Credit Agreement").

C. Effective March 1, 2000, Fleet National Bank was merged into BankBoston, N.A. and simultaneously therewith, BankBoston, N.A. changed its name to Fleet National Bank.

D. The Borrower, Fleet and the other lenders and agents under the Existing Credit Agreement desire to amend the Existing Credit Agreement in certain respects as set forth herein (including, without limitation, to reflect the withdrawal of certain of the Banks thereunder).

E. The Borrower is primarily engaged in the business of owning, purchasing, developing, constructing, renovating and operating office and industrial buildings and hotels in the United States.

F. Boston Properties, Inc., a Delaware corporation ("BPI"), is the sole general partner of BPLP, holds in excess of 65% of the partnership interests in BPLP as of the date of this Agreement, and is qualified to elect REIT status for income tax purposes.

G. The Borrower has requested the Banks, and the Banks have agreed, to amend and restate the existing unsecured revolving credit facility for use by the Borrower pursuant to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree that the Existing Credit Agreement shall be amended and restated effective as of January 17, 2003, to read as follows:

Section 1. DEFINITIONS AND RULES OF INTERPRETATION.

Section 1.1. Definitions. The following terms shall have the meanings set forth in this Section 1 or elsewhere in the provisions of this Agreement referred to below:

111 HUNTINGTON AVENUE. The property located at 111 Huntington Avenue, Boston, Massachusetts. The Agent hereby acknowledges that, as of the date hereof, 111 Huntington Avenue is a CBD Property.

399 PARK AVENUE. The property located at 399 Park Avenue, New York, New York. The Agent hereby acknowledges that, as of the date hereof, 399 Park Avenue is a CBD Property.

ABSOLUTE RATE AUCTION. With respect to a request by the Borrower for a Bid Rate Advance, a solicitation in which the Borrower specifies in the Bid Rate Advance Borrowing Notice that the rates of interest to be offered by the Banks shall be absolute rates per annum.

ACCOUNTANTS. In each case, independent certified public accountants reasonably acceptable to the Majority Banks. The Banks hereby acknowledge that the Accountants may include PriceWaterhouse Coopers LLP and any other so-called "big-four" accounting firm.

ACCOUNTS PAYABLE. See definition of "Consolidated Total Indebtedness".

ACCOUNTS RECEIVABLE. Collectively, without double-counting, each of the accounts receivable of the Borrower and its Subsidiaries which (i) arose in the ordinary course of business of the Borrower or such Subsidiary, (ii) would be classified under GAAP as a current asset on the balance sheet of the Borrower or such Subsidiary and is not more than 60 days past due under the original terms, and (iii) to the knowledge of the Borrower or such Subsidiary, is the valid and binding obligation of the account debtor.

ADVANCE RATE. See definition of "Eligible Amount".

AFFILIATE. With reference to any Person, (i) any director or executive officer of that Person, (ii) any other Person controlling, controlled by or under direct or indirect common control of that Person, (iii) any other Person directly or indirectly holding 10% or more of any class of the capital stock or other equity interests (including options, warrants, convertible securities and similar rights) of that Person and (iv) any other Person 10% or more of any class of whose capital stock or other equity interests (including options, warrants, convertible securities and similar rights) is held directly or indirectly by that Person.

AGENT. Fleet acting as managing administrative agent for the Banks, or any successor agent, as permitted by Section 16.

AGENT'S HEAD OFFICE. The Agent's office located at One Federal Street, Boston, Massachusetts 02109, or at such other location as the Agent may designate from time to time, or the office of any successor Agent permitted under Section 16, PROVIDED such office (which need not be such successor Agent's head office) is located in Boston, Massachusetts.

AGREEMENT. This Third Amended and Restated Revolving Credit Agreement, including the SCHEDULES and Exhibits hereto, as the same may be from time to time amended and in effect.

AGREEMENT OF LIMITED PARTNERSHIP OF BPLP. The Amended and Restated Agreement of Limited Partnership of BPLP, dated June 23, 1997, as amended, among BPI and the limited partners named therein, as amended through the date hereof and as the same may be further amended from time to time as permitted by Section 8.21.

ANNUALIZED BORROWING BASE PROPERTIES CAPITAL EXPENDITURES. (i) With respect to any Real Estate Assets which are Borrowing Base Properties, other than hotel properties, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to $.25 MULTIPLIED BY the total number of square feet of the Real Estate Assets, which are Borrowing Base

Properties, other than hotel properties on the last day of such calendar quarter; (ii) with respect to the Marriott Cambridge Center

Hotel in Cambridge, Massachusetts for so long as it is a Borrowing Base Property, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to six percent (6%) of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters; (iii) with respect to the Marriott Long Wharf Hotel in Boston, Massachusetts, for so long as it is a Borrowing Base Property, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to five percent (5%) of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters; (iv) with respect to the Cambridge Residence Inn in Cambridge, Massachusetts, for so long as it is a Borrowing Base Property, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to five percent (5%) of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters; and (v) with respect to the hotel properties which are Borrowing Base Properties, other than the Marriott Long Wharf Hotel, the Marriott Cambridge Center Hotel and the Cambridge Residence Inn, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to the applicable percentage of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters, which is to be maintained on the books of the Borrower or in a separate reserve account for the replacement or repair of such hotel's furniture, fixtures and equipment pursuant to (and in no event less than as required by) the applicable hotel management agreement or franchise agreement (which such agreement shall be in form and substance customary for a national hotel franchise).

ANNUALIZED CAPITAL EXPENDITURES. (i) With respect to any Real Estate Assets other than hotel properties, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to $.25 MULTIPLIED BY the total number of square feet of the Real Estate Assets other than hotel properties, on the last day of such calendar quarter; (ii) with respect to the Marriott Cambridge Center Hotel in Cambridge, Massachusetts, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to six percent (6%) of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters; (iii) with respect to the Marriott Long Wharf Hotel in Boston, Massachusetts, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to five percent (5%) of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters; (iv) with respect to the Cambridge Residence Inn in Cambridge, Massachusetts, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to five percent (5%) of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters; and (v) with respect to the hotel properties other than the Marriott Long Wharf Hotel, the Marriott Cambridge Center Hotel and the Cambridge Residence Inn, for any rolling four (4) calendar quarters, determined as of the last day of a calendar quarter, an amount equal to the applicable percentage of gross revenues as determined in accordance with GAAP for such four (4) calendar quarters, which percentage shall be the percentage for each such hotel as is to be maintained on the books of the Borrower or in a separate reserve account for the replacement or repair of such hotel's furniture, fixtures and equipment pursuant to (and in

no event less than as required by) the applicable hotel management agreement or franchise agreement (which such agreement shall be in form and substance customary for a national hotel franchise).

APPLICABLE L/C PERCENTAGE. With respect to any Letter of Credit, a per annum percentage equal to the Applicable Eurodollar Margin in effect on the date on which such Letter of Credit was issued.

APPLICABLE EURODOLLAR MARGIN. With respect to Eurodollar Rate Loans, the spread, expressed in basis points, over the Eurodollar Rate and used in calculating the interest rate applicable to Eurodollar Rate Loans which spread shall vary from time to time in relationship to variances in the Debt Ratings as set forth below. The applicable Debt Ratings and Eurodollar Spreads (bps) for Eurodollar Rate Loans are as set forth in the following table:

S&P Moody's	Eurodollar spread (bps)
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- A- or above A3 or above	55.0
BBB+ Baa1	65.0
BBB Baa2	70.0
BBB- Baa3	90.0
Below BBB- or Below Baa3 or unrated	unrated 125.0

In the event the Debt Ratings from the two agencies referred to above are not equivalent, the Eurodollar Spread (bps) will be determined (i) based on the higher of the two Debt Ratings if the lower Debt Rating is no more than one level lower than the higher Debt Rating, and (ii) based on the average of the two Debt Ratings if the lower Debt Rating is more than one level lower than the higher Debt Rating. Adjustments in the Eurodollar Spread (bps) for a Eurodollar Rate Loan based upon a change in a Debt Rating level shall be effective on the first day following the change in such Debt Rating.

The Borrower shall notify the Agent in writing of any change in the Debt Rating as and when such change occurs.

APPLICABLE PRIME RATE MARGIN. Zero.

APPROVED CONDOMINIUM PROPERTY. A Real Estate Asset which is a condominium unit and in which a member of the BP Group owns 100% of the interests (including 100% of the unit owner's voting rights) in the unit, PROVIDED that the Agent has reviewed and approved the condominium documents governing such condominium (and such documents are not amended thereafter) with such approval not to be unreasonably withheld (it being acknowledged that unless the Agent has raised an objection with 14

days after it has received copies of the applicable condominium documents, the Agent shall be deemed to have approved such documents). The Agent hereby acknowledges that, as of the date hereof, 111 Huntington Avenue, 399 Park Avenue and the Citigroup Center Property are Approved Condominium Properties. Notwithstanding the foregoing, an Approved Condominium Property which is not 100% owned by the Borrower (including 100% of the unit owner's voting rights) may not be or become a Borrowing Base Property without the prior written consent of the Majority Banks.

ARRANGER. Fleet Securities, Inc.

ASSUMED TEST DEBT SERVICE. For any fiscal quarter, an amount equal to the aggregate amount determined to be the payments which would be required during such quarter to amortize the average amount of Unsecured Consolidated Total Indebtedness outstanding during such quarter with respect to the Borrowing Base Properties, using a twenty-five (25) year mortgage style amortization schedule, and using an annual interest rate equal to the sum of two percent (2%) PLUS the imputed seven (7) year United States Treasury notes annual yield as of the last day of such fiscal quarter based upon published quotes for Treasury notes having seven (7) years to maturity.

ASSIGNMENT AND ASSUMPTION. See Section 20.1.

BANKS. Collectively, Fleet and the other lending institutions listed on SCHEDULE 2 hereto and any other banks which may provide additional commitments and become parties to this Agreement, and any other Person who becomes an assignee of any rights of a Bank pursuant to Section 20 or a Person who acquires all or substantially all of the stock or assets of a Bank.

BID RATE ADVANCE. A borrowing consisting of simultaneous Bid Rate Loans to the Borrower from each of the Banks whose offer to make a Bid Rate Loan as part of such borrowing has been accepted by the Borrower under the applicable auction bidding procedure described in Section 2.9.

BID RATE ADVANCE BORROWING NOTICE. See Section 2.9(b)(i).

BID RATE LOAN. A loan by a Bank to the Borrower as part of a Bid Rate Advance resulting from the applicable auction bidding procedure described in Section 2.9.

BID RATE MAXIMUM AMOUNT. At any particular time of reference, an amount equal to fifty percent (50%) of the Total Commitment then in effect.

BID RATE NOTES. The promissory notes substantially in the form of Exhibit D-1 hereto which evidence the Bid Rate Loans.

BORROWER. See the preamble hereto.

BORROWING BASE. As determined from time to time, the Borrowing Base Properties.

BORROWING BASE AVAILABILITY. As at any date of determination an amount equal to the Eligible Amount on such date MINUS the Maximum Drawing Amount on such date.

BORROWING BASE CONDITIONS. See definition of "Borrowing Base Property".

BORROWING BASE DEBT SERVICE COVERAGE RATIO. As of any date of determination, the ratio of (i) Borrowing Base Net Operating Income as determined on such date DIVIDED BY 4, to (ii) the Assumed Test Debt Service applicable to the quarter upon which the Borrowing Base Net Operating income was based.

BORROWING BASE NET OPERATING INCOME. As of any date of determination, the Net Operating Income calculated with respect to the Real Estate Assets which are Borrowing Base Properties during the quarter upon which such Net Operating Income is based, PROVIDED that such Net Operating Income shall be adjusted on a PRO FORMA basis to account for Real Estate Assets that were acquired by the Borrower and added to the Borrowing Base during such quarter by projecting the results generated by any such Real Estate Asset for the portion of the applicable quarter during which the Borrower owned (or ground-leased) such Real Estate Asset over the entire applicable quarter.

BORROWING BASE PROPERTY. As of any date of determination, an Unencumbered Asset owned by the Borrower that: (i) is a Permitted Property, (ii) is not the subject of a Disqualifying Structural Event, (iii) is not the subject of a Disqualifying Environmental Event, (iv) is not a Real Estate Asset Under Development, (v) is wholly-owned or ground-leased by the Borrower or is an Approved Condominium Property which is a Permitted Property, (vi) is not subject to a Non-Material Breach, and (vii) has been designated by the Borrower in writing to the Agent as a Real Estate Asset that is a Borrowing Base Property, PROVIDED that on such date of determination, the Unencumbered Assets that are Borrowing Base Properties, taken as a whole, shall have been 85% leased in the aggregate as of the date of such determination, and PROVIDED, FURTHER, that each request to include an Unencumbered Asset as a Borrowing Base Property shall be accompanied by a compliance certificate in the form of EXHIBIT C-5 attached hereto (the foregoing clauses (i) through (vii) and the succeeding PROVISOS being herein referred to collectively as the "Borrowing Base Conditions"). The Borrowing Base Properties that constitute the Borrowing Base on the Closing Date are set forth on SCHEDULE 3.

BORROWING BASE VALUE. As of any date of determination, an amount equal to (x) the amount of Unrestricted Cash and Cash Equivalents of the Borrower on such date PLUS (y) (i) the Borrowing Base Net Operating Income from the Borrowing Base Properties as determined on such date, MINUS (ii) the amount by which the Annualized Borrowing Base

Capital Expenditures applicable to the quarter upon which such Borrowing Base Net Operating Income was based exceeds the amount deducted for Capital Expenditures in determining such Borrowing Base Net Operating Income, with the number resulting from such subtraction being DIVIDED BY the Capitalization Rate; PROVIDED that (1) such Borrowing Base Net Operating Income shall be adjusted on a PRO FORMA basis to account for Real Estate Assets that were acquired by the Borrower and added to the Borrowing Base during such quarter by projecting the results generated by any such Real Estate Asset for the portion of the applicable quarter during which the Borrower owned (or ground-leased) such Real Estate Asset over the entire applicable quarter, (2) with respect to a Real Estate Asset that was a Real Estate Asset Under Development and for which the Borrower has received a certificate of occupancy or such Real Estate Asset may otherwise be lawfully occupied for its intended use and, to the extent that such Real Estate Asset otherwise qualifies as a Borrowing Base Property, the Borrower may calculate the Borrowing Base Value of such Real Estate Asset either in the manner set forth above or at the cost basis value (or, with respect to 399 Park Avenue, other fixed value as provided in this Agreement) for a period of twelve months after the issuance of the certificate of occupancy or such Real Estate Asset may otherwise be lawfully occupied for its intended use, and (3) with respect to a Real Estate Asset (not a Real Estate Asset Under Development)

acquired by the Borrower after the date hereof, to the extent that such Real Estate Asset otherwise qualifies as a Borrowing Base Property, the Borrower may calculate the Borrowing Base Value of such Real Estate Asset either in the manner set forth above or at the cost basis value (or, with respect to 399 Park Avenue, other fixed value as provided in this Agreement) for a period of twelve months after the date of acquisition by the Borrower, and PROVIDED, FURTHER, that at no time may the Borrowing Base Value attributable to hotel properties constitute more than 33 1/3% of the total Borrowing Base Value. For purposes of determining Borrowing Base Value, from the Closing Date through June 29, 2003, 399 Park Avenue shall be included in the Borrowing Base at the fixed value equal to $1,000,000,000 rather than at the value that would be attributable to it in accordance with the calculation required above by this definition of Borrowing Base Value, PROVIDED that (i) 399 Park Avenue must at all times meet the requirements of a Borrowing Base Property and (ii) for the quarterly reporting period ending on June 30, 2003 and for all periods thereafter, the Borrowing Base Value attributable to 399 Park Avenue shall be determined in accordance with the calculation required by the first sentence of this definition of Borrowing Base Value.

BP GROUP. Collectively, (i) BPLP, (ii) BPI, (iii) the respective Subsidiaries of BPLP and BPI and (iv) the Partially-Owned Entities.

BPI. Boston Properties, Inc., a Delaware corporation and the sole general partner of the Borrower.

BUILDINGS. Individually and collectively, the buildings, structures and improvements now or hereafter located on the Real Estate Assets.

BUSINESS DAY. Any day on which banking institutions in Boston, Massachusetts, are open for the transaction of banking business and, in the case of Eurodollar Rate Loans, also a day which is a Eurodollar Business Day.

CAPITAL EXPENDITURES. Any expenditure for any item that would be treated or defined as a capital expenditure under GAAP or the Code.

CAPITALIZATION RATE. The Capitalization Rate shall be (i) 9.0% for Real Estate Assets other than the CBD Properties, and (ii) 8.5% for Real Estate Assets which are CBD Properties.

CAPITALIZED LEASES. Leases under which the Borrower or any of its Subsidiaries or any Partially-Owned Entity is the lessee or obligor, the discounted future rental obligations under which are required to be capitalized on the balance sheet of the lessee or obligor in accordance with GAAP.

CBD PROPERTIES. Each of the Real Estate Assets listed on SCHEDULE 4 and each other Real Estate Asset which is designated by the Agent and the Borrower as a CBD Property from time to time.

CERCLA. See Section 7.18.

CITIGROUP CENTER PROPERTY. The property located at 153 East 53rd Street, New York, New York and commonly referred to as the "Citigroup Center". The Agent hereby acknowledges that, as of the date hereof, the Citigroup Center Property is a CBD Property.

CLOSING DATE. January 17, 2003.

CODE. The Internal Revenue Code of 1986, as amended and in effect from time to time.

COMPLETED LOAN REQUEST. A loan request accompanied by all information required to be supplied under the applicable provisions of Section 2.4.

COMMITMENT. With respect to each Bank, the amount set forth from time to time on SCHEDULE 2 hereto as the amount of such Bank's Commitment to make Revolving Credit Loans to, and to participate in the issuance, extension and renewal of Letters of Credit for the account of, the Borrower as such SCHEDULE 2 may be amended from time to time in accordance with the terms of this Agreement.

COMMITMENT PERCENTAGE. With respect to each Bank, the percentage set forth on SCHEDULE 2 hereto as such Bank's percentage of the Total Commitment, as such

SCHEDULE 2 may be amended from time to time in accordance with the terms of this Agreement.

CONSOLIDATED OR CONSOLIDATED. With reference to any term defined herein,

shall mean that term as applied to the accounts of the Borrower and its Subsidiaries, or BPI and its Subsidiaries (as the case may be), consolidated in accordance with GAAP in accordance with the terms of this Agreement.

CONSOLIDATED EBITDA. In relation to the Borrower and its Subsidiaries for any fiscal quarter, an amount equal to, without double-counting, the net income or loss of the Borrower and its Subsidiaries determined in accordance with GAAP (before minority interests and excluding the adjustment for so-called "straight-line rent accounting") for such quarter, PLUS (x) the following to the extent deducted in computing such Consolidated net income for such quarter: (i) Consolidated Total Interest Expense for such quarter, (ii) real estate depreciation, amortization and extraordinary items for such quarter, and (iii) other non-cash charges for such quarter; and MINUS (y) (i) all gains (or PLUS all losses) attributable to the sale or other disposition of assets or debt restructurings in such quarter, in each case (i.e., (x) and (y)(i) hereof) adjusted to include the Borrower's or any Subsidiary's PRO RATA share of EBITDA from any Partially-Owned Entity in such quarter, based on its percentage ownership interest in such Partially-Owned Entity (or such other amount to which the Borrower or such Subsidiary is entitled or for which the Borrower or such Subsidiary is obligated based on an arm's length agreement), and (ii) for the purposes of calculating Consolidated Total Adjusted Asset Value only, all interest income of the Borrower and its Subsidiaries received in connection with any Mortgages. In determining Consolidated EBITDA for the purposes of calculating Fair Market Value of Real Estate Assets and Consolidated Total Adjusted Asset Value only, any and all income of the Borrower and its Subsidiaries received from any Real Estate Asset that is included in such calculations at its cost basis value (or, as to 399 Park Avenue, other fixed value as provided in this Agreement) shall be excluded.

CONSOLIDATED FIXED CHARGES. For any fiscal quarter, an amount equal to (i) Consolidated Total Interest Expense for such quarter PLUS (ii) the aggregate amount of scheduled principal payments of Indebtedness (excluding optional prepayments, balloon payments at maturity and any mid-term balloon payments of principal with respect to Indebtedness otherwise requiring equal periodic amortization payments of principal and interest over the term of such Indebtedness (and any balloon payments at maturity with respect to such Indebtedness)) required to be made during such quarter by the Borrower and its Subsidiaries on a Consolidated basis PLUS (iii) the aggregate amount of capitalized interest required in accordance with GAAP to be paid or accrued during such quarter by the Borrower and its Subsidiaries PLUS (iv) Annualized Capital Expenditures applicable to such quarter DIVIDED BY 4 PLUS (v) the dividends and distributions, if any, paid or required to be paid during such quarter on the Preferred Equity (Section 10.3(B)) or the Preferred Creditor Equity (Section 10.3(A)), as applicable, of the Borrower, BPI or any of their respective Subsidiaries.

CONSOLIDATED NET WORTH. As of any date of determination, an amount equal to the Consolidated net worth of the Borrower and its Subsidiaries, as determined in accordance with GAAP.

CONSOLIDATED TOTAL ADJUSTED ASSET VALUE. As of any date of determination, an amount equal to the sum of (i) the Fair Market Value of Real Estate Assets as of such date, PLUS (ii) 100% of the value of Unrestricted Cash and Cash Equivalents on such date, PLUS (iii) 100% of the Development Costs incurred and paid to date by the Borrower with respect to any Real Estate Assets which are Real Estate Assets Under Development on such date, provided that, for purposes of this clause (iii), the aggregate amount of Development Costs included in the calculation of Consolidated Total Adjusted Asset Value shall not exceed an amount equal to 20% of the sum of the Fair Market Value of Real Estate Assets on such date PLUS the value of Unrestricted Cash and Cash Equivalents on such date (the "Eligible Real Estate Development Costs"), PLUS (iv) with respect to each Mortgage, the lesser of (y) the aggregate amount of principal under such Mortgage that will be due and payable to the Borrower or its Subsidiaries (to the extent of Borrower's direct or indirect interest therein) and (z) the purchase price paid by the Borrower or one of its Subsidiaries to acquire such Mortgage, PLUS (v) Accounts Receivable as of such date, PLUS (vi) 100% of the value (determined on the so-called mark-to-market basis) of the Marketable Securities owned by the Borrower or its Subsidiaries on such date, PROVIDED that (1) the aggregate value attributed to such Marketable Securities which are not of the type described in clauses (a), (b) or (c) of Section 9.3 may not exceed 2% of the Consolidated Total Adjusted Asset Value at any time, and (2) such Marketable Securities must not be subject to any lock-up or other transfer restrictions, plus (vii) the book value of land owned by the Borrower, as evidenced by the Borrower's balance sheet delivered to the Agent. Notwithstanding the foregoing, at any time at which the value determined pursuant to clause (iv) of the preceding sentence equals or exceeds 10% of the total Fair Market Value of Real Estate Assets at such time, then upon the occurrence of an event of default under any Mortgage, the portion of the value of such defaulted Mortgage which is in excess of 10% of the total Fair Market

Value of Real Estate Assets at such time ("Excess Value") shall be reduced to seventy-five percent (75%) of the Excess Value as determined in this subparagraph (iv) until the earlier to occur of (a) the event of default under the Mortgage is cured in a commercially reasonable manner and (b) one hundred eighty (180) days after the occurrence of the event of default; thereafter, if the event of default under the defaulted Mortgage has not been cured in a commercially reasonable manner, the portion of the value of the defaulted Mortgage which is in excess of 10% of the total Fair Market Value of Real Estate Assets at such time shall be reduced to fifty percent (50%) of the Excess Value as determined as set forth above until the earlier to occur of (a) the event of default under the Mortgage is cured in a commercially reasonable manner and (b) eighteen (18) months after the occurrence of the event of default; thereafter, if the event of default under the defaulted Mortgage has not been cured in a commercially reasonable manner, the portion of the

value of the defaulted Mortgage which is in excess of 10% of the total Fair Market Value of Real Estate Assets at such time shall be reduced to zero.

CONSOLIDATED TOTAL INDEBTEDNESS. As of any date of determination, Consolidated Total Indebtedness means for the Borrower and its Subsidiaries, the sum of (without double-counting) but subject to the limitations set forth below, (i) all Accounts Payable on such date, (ii) all Indebtedness outstanding on such date, and (iii) all Letters of Credit outstanding on such date, in each case whether Recourse, Without Recourse or contingent, PROVIDED, however, that amounts not drawn under the Revolving Credit Loans or any other Indebtedness on such date shall not be included in calculating Consolidated Total Indebtedness, and PROVIDED, FURTHER, that (without double-counting), (x) each of the following shall be included in Consolidated Total Indebtedness: (a) all amounts of guarantees, indemnities for borrowed money, stop-loss agreements and the like provided by the Borrower or any of its Subsidiaries, in each case in connection with and guarantying repayment of amounts outstanding under any other Indebtedness; (b) all amounts for which a letter of credit has been issued for the account of the Borrower or any of its Subsidiaries; (c) all amounts of bonds posted by the Borrower or any of its Subsidiaries guaranteeing performance or payment obligations; and (d) all liabilities of the Borrower or any of its Subsidiaries as partners, members or the like for liabilities (whether such liabilities are Recourse, Without Recourse or contingent obligations of the applicable partnership or other Person) of partnerships or other Persons in which any of them have an equity interest, which liabilities are for borrowed money or any of the matters listed in clauses (a), (b) or (c), and (y) each of the following shall be excluded from Consolidated Total Indebtedness: (a) defeased Indebtedness of the Borrower and its Subsidiaries; and (b) Indebtedness of the Borrower and its Subsidiaries secured by Unrestricted Cash and Cash Equivalents (it being agreed that, for this purpose, a lien on such Unrestricted Cash or Cash Equivalents in favor of the Person holding such Indebtedness shall not be deemed a "Lien" for purposes of the definition of Unrestricted Cash and Cash Equivalents). Notwithstanding the foregoing (without double counting), with respect to any Partially-Owned Entity, (x) to the extent that the Borrower or any Subsidiary or such Partially-Owned Entity is providing a completion guaranty in connection with a construction loan entered into by a Partially-Owned Entity, Consolidated Total Indebtedness shall only include the Borrower's or such Subsidiary's PRO RATA liability under the Indebtedness relating to such completion guaranty (or, if greater, but without double-counting, the Borrower's or such Subsidiary's liability under such completion guaranty (it being agreed that to the extent that the liability of the Borrower or its Subsidiaries under such completion guaranty would not constitute a liability (contingent or otherwise) under GAAP, such liability will not be included in Consolidated Total Indebtedness)) and (y) in connection with the liabilities described in clauses (a) and (d) above, the Borrower shall be required to include in Consolidated Total Indebtedness the portion of the liabilities of such Partially-Owned Entity which are attributable to the Borrower's or such Subsidiary's percentage equity interest in such Partially-Owned Entity or such other amount (if greater) of such liabilities for which the Borrower or its Subsidiaries are, or have agreed to be, liable by way of guaranty,

indemnity for borrowed money, stop-loss agreement or the like (excluding liability under completion guaranties, which shall be included as and to the extent set forth in clause (x) of this sentence)), it being agreed that Indebtedness of a Partially-Owned Entity shall not be excluded from Consolidated Total Indebtedness by virtue of the liability of such Partially-Owned Entity being Without Recourse. For purposes hereof, the value of Accounts Payable shall be determined in accordance with GAAP, and the amount of borrowed money shall equal the sum of (1) the amount of borrowed money as determined in accordance with GAAP PLUS (2) the amount of those contingent liabilities for borrowed money set forth in subsections (a) through (d) above, but shall exclude any adjustment for so-called "straight-line interest accounting" or the "constant yield to

maturity method" required under GAAP.

CONSOLIDATED TOTAL INTEREST EXPENSE. For any fiscal quarter, the aggregate amount of interest required in accordance with GAAP to be paid or accrued (but excluding interest funded from the proceeds of any construction loan), without double-counting, by the Borrower and its Subsidiaries during such quarter on: (i) all Indebtedness of the Borrower and its Subsidiaries (including the Loans and including original issue discount and amortization of prepaid interest, if any), (ii) all amounts available for borrowing, or for drawing under letters of credit, if any, issued for the account of the Borrower or any of its Subsidiaries, but only if such interest was or is required to be reflected as an item of expense, and (iii) all commitment fees, agency fees, facility fees, balance deficiency fees and similar fees and expenses in connection with the borrowing of money.

CONVERSION REQUEST. A notice given by the Borrower to the Agent of its election to convert or continue a Loan in accordance with Section 2.5.

DEBT RATING. The credit rating assigned by either or both of S&P and/or Moody's to (i) BPLP's senior, long-term unsecured debt, or (ii) BPLP's private debt, PROVIDED that the Agent shall have the right to require a review and confirmation of any such private debt rating, but shall not require such review and confirmation more than twice a year unless a Default or Event of Default has occurred and is continuing.

DEFAULT. When used with reference to this Agreement or any other Loan Document, an event or condition specified in Section 14.1 that, but for the requirement that time elapse or notice be given, or both, would constitute an Event of Default.

DELINQUENT BANK. See Section 16.5 (c).

DEVELOPMENT COSTS. Construction, development and/or acquisition costs relating to a Real Estate Asset Under Development, PROVIDED that for Real Estate Assets Under Development owned by any Partially-Owned Entity, the Development Costs of such Real Estate Asset Under Development shall only be the Borrower's pro-rata share of the Development Costs of such Real Estate Asset Under Development (based on the greater

of (x) the Borrower's percentage equity interest in such Partially-Owned Entity or (y) the Borrower's obligation to provide funds to such Partially-Owned Entity).

DISQUALIFYING ENVIRONMENTAL EVENT. Any Release or threatened Release of Hazardous Substances, any violation of Environmental Laws or any other similar environmental event with respect to any Borrowing Base Property that will, in the Borrower's and the Agent's reasonable opinion cost in excess of (x) with respect to CBD Properties, $10,000,000 and (y) with respect to all other Borrowing Base Properties, $1,000,000 to remediate or, which, with respect to the Borrowing Base Properties, will, in the Borrower's and Agent's reasonable opinion cost in excess of $35,000,000 in the aggregate to remediate, PROVIDED that (i) with respect to any particular Borrowing Base Property, if, in the Agent's reasonable opinion, such environmental events will cost in excess of the $1,000,000 or $10,000,000 cost basket, as applicable, but such environmental events do not have a material adverse impact on the use and occupancy of such Borrowing Base Property, (A) such Borrowing Base Property will be permitted to remain in the Borrowing Base unless and until the Agent determines, in its reasonable opinion, that such environmental events do have a material adverse impact on such use and occupancy, and (B) the Borrowing Base Value attributable to such Borrowing Base Property shall be reduced by an amount equal to the aggregate of all costs in excess of the applicable cost basket, net of such costs covered by an indemnification in favor of the Borrower, in form and substance satisfactory to the Agent from a third party who, in the reasonable opinion of the Agent, is a credit-worthy entity, and (ii) in the event the Borrower and the Agent determine that environmental events will cost in excess of $35,000,000 in the aggregate to remediate for all Borrowing Base Properties, the Borrowing Base Value shall be reduced by an amount equal to the aggregate of all costs in excess of such $35,000,000 to the extent such costs in excess of $35,000,000 are not covered by an indemnification in favor of the Borrower, in form and substance satisfactory to the Agent from a third party who, in the reasonable opinion of the Agent, is a credit-worthy entity.

DISQUALIFYING STRUCTURAL EVENT. Any structural issue, which, with respect to any Borrowing Base Property other than rehab properties, will, in the Borrower's and the Agent's reasonable opinion cost in excess of (x) with respect to CBD Properties, $10,000,000 and (y) all other Borrowing Base Properties, $1,000,000 to fix or, which, with respect to the Borrowing Base Properties other than rehab properties, will, in the Borrower's and Agent's reasonable opinion cost in excess of $35,000,000 in the aggregate to fix, PROVIDED that (i) with respect to

any particular Borrowing Base Property, if, in the Agent's reasonable opinion, such structural issues will cost in excess of the $1,000,000 or $10,000,000 cost basket, as applicable, but such structural issues do not have a material adverse impact on the use and occupancy of such Borrowing Base Property, (A) such Borrowing Base Property will be permitted to remain in the Borrowing Base unless and until the Agent determines, in its reasonable opinion, that such structural issues do have a material adverse impact on such use and occupancy, and (B) the Borrowing Base Value attributable to such Borrowing Base Property shall be reduced by

an amount equal to the aggregate of all costs in excess of the applicable cost basket, and (ii) in the event the Borrower and the Agent determine that such structural issues will cost in excess of $35,000,000 in the aggregate to fix for all Borrowing Base Properties, the Borrowing Base Value shall be reduced by an amount equal to the aggregate of all costs in excess of such $35,000,000.

DISTRIBUTION. With respect to:

(i) the Borrower, any distribution of cash or other cash equivalent, directly or indirectly, to the partners of the Borrower; or any other distribution on or in respect of any partnership interests of the Borrower; and

(ii) BPI, the declaration or payment of any dividend on or in respect of any shares of any class of capital stock of BPI, other than dividends payable solely in shares of common stock by BPI; the purchase, redemption, or other retirement of any shares of any class of capital stock of BPI, directly or indirectly through a Subsidiary of BPI or otherwise; the return of capital by BPI to its shareholders as such; or any other distribution on or in respect of any shares of any class of capital stock of BPI.

DOLLARS OR $. Lawful currency of the United States of America.

DRAWDOWN DATE. The date on which any Revolving Credit Loan is made or is to be made, and the date on which any Revolving Credit Loan is converted or continued in accordance with Section 2.5.

ELIGIBLE AMOUNT. As of the date that any Loan is to be made hereunder, an amount equal to the lesser of (i) the maximum amount that would permit Unsecured Consolidated Total Indebtedness (exclusive of Accounts Payable, but including amounts outstanding under any Loans and Letters of Credit after giving effect to Loan Requests) to be less than 60% of the aggregate Borrowing Base Value on such date (the "Advance Rate"), provided that at any time when Consolidated Total Indebtedness equals or exceeds 60% of Consolidated Total Adjusted Asset Value, as evidenced by the most recent financial statements delivered by the Borrower pursuant to Section Section 8.4(a) and (b), the Advance Rate shall equal 55%, and (ii) the maximum amount that would permit the Borrowing Base Debt Service Coverage Ratio (after giving effect to such Loan) to be no less than 1.4 to 1.0.

ELIGIBLE ASSIGNEE. Any of (a) a commercial bank (or similar financial institution) organized under the laws of the United States, or any State thereof or the District of Columbia, and having total assets in excess of $1,000,000,000; (b) a savings and loan association or savings bank organized under the laws of the United States, or any State

thereof or the District of Columbia, and having a net worth of at least $100,000,000, calculated in accordance with GAAP; and (c) a commercial bank (or similar financial institution) organized under the laws of any other country (including the central bank of such country) which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having total assets in excess of $1,000,000,000, PROVIDED that such bank (or similar financial institution) is acting through a branch or agency located in the United States of America.

ELIGIBLE REAL ESTATE DEVELOPMENT COSTS. See definition of "Consolidated Total Adjusted Asset Value".

EMBARCADERO CENTER PROPERTY. Collectively, the properties located in the financial district of San Francisco, California, and consisting of One Embarcadero Center, Two Embarcadero Center, Three Embarcadero Center, Four Embarcadero Center, Embarcadero Center West and the Federal Reserve Building.

EMPLOYEE BENEFIT PLAN. Any employee benefit plan within the meaning of Section 3(3) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, other than a Multiemployer Plan.

ENVIRONMENTAL LAWS. See Section 7.18(a).

ENVIRONMENTAL REPORTS. See Section 7.18

ERISA. The Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

ERISA AFFILIATE. Any Person which is treated as a single employer with the Borrower under Section 414 of the Code.

ERISA REPORTABLE EVENT. A reportable event with respect to a Guaranteed Pension Plan within the meaning of Section 4043 of ERISA and the regulations promulgated thereunder as to which the requirement of notice has not been waived.

EUROCURRENCY RESERVE RATE. For any day with respect to a Eurodollar Rate Loan, the maximum rate (expressed as a decimal) at which any Bank subject thereto would be required to maintain reserves under Regulation D of the Board of Governors of the Federal Reserve System (or any successor or similar regulations relating to such reserve requirements) against "Eurocurrency Liabilities" (as that term is used in said Regulation D), if such liabilities were outstanding. The Eurocurrency Reserve Rate shall be adjusted automatically on and as of the effective date of any change in the Eurocurrency Reserve Rate.

EURODOLLAR BREAKAGE COSTS. With respect to any Eurodollar Rate Loan to be prepaid prior to the end of the applicable Interest Period or not borrowed, converted or continued ("drawn" and, with correlative meaning, "draw") after elected, a prepayment "breakage" fee in an amount determined by the Agent in the following manner:

(i) First, the Agent shall determine the amount by which (a) the total amount of interest which would have otherwise accrued hereunder on each installment of principal prepaid or not so drawn, during the period beginning on the date of such prepayment or failure to draw and ending on the last day of the applicable Eurodollar Rate Loan Interest Period (the "Reemployment Period"), exceeds (b) the total amount of interest which would accrue, during the Reemployment Period, on any readily marketable bond or other obligation of the United States of America designated by the Agent in its sole discretion at or about the time of such payment, such bond or other obligation of the United States of America to be in an amount equal (as nearly as may be) to the amount of principal so paid or not drawn after elected and to have maturity at the end of the Reemployment Period, and the interest to accrue thereon to take account of amortization of any discount from par or accretion of premium above par at which the same is selling at the time of designation. Each such amount is hereinafter referred to as an "Installment Amount".

(ii) Second, each Installment Amount shall be treated as payable on the last day of the Eurodollar Rate Loan Interest Period which would have been applicable had such principal installment not been prepaid or not drawn.

(iii) Third, the amount to be paid on each such date shall be the present value of the Installment Amount determined by discounting the amount thereof from the date on which such Installment Amount is to be treated as payable, at the same yield to maturity as that payable upon the bond or other obligation of the United States of America designated as aforesaid by the Agent.

EURODOLLAR BUSINESS DAY. Any day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Agent in its sole discretion acting in good faith.

EURODOLLAR RATE. For any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the quotient (rounded upwards to the nearest 1/16 of one percent) of (a) the rate at which the Bank serving as the Agent is offered Dollar deposits two Eurodollar Business Days prior to the beginning of such Interest Period in an

interbank eurodollar market where the eurodollar and foreign currency and exchange operations of the Bank serving as the Agent are customarily conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar

Rate Loan to which such Interest Period applies, divided by (b) a number equal to 1.00 MINUS the Eurocurrency Reserve Rate.

EURODOLLAR RATE LOAN(S). Loans bearing interest calculated by reference to the Eurodollar Rate.

EVENT OF DEFAULT. See Section 14.1.

EXCESS VALUE. See definition of "Consolidated Total Adjusted Asset Value".

EXTENSION. See Section 2.11.

FACILITY FEE. See Section 2.3(d).

FAIR MARKET VALUE OF REAL ESTATE ASSETS. As of any date of determination, the sum of (A) with respect to Real Estate Assets other than hotel properties, an amount equal to (i)(x) Consolidated EBITDA for the most recent one (1) complete fiscal quarter, MINUS (y) $.0625 MULTIPLIED BY the aggregate square footage of all Real Estate Assets other than hotel properties at such date; MULTIPLIED BY (ii) 4; with the product being DIVIDED BY (iii) the applicable Capitalization Rate, PLUS (B) with respect to Real Estate Assets which are hotel properties, an amount equal to (i)(x) Consolidated EBITDA for the most recent four (4) consecutive complete fiscal quarters, MINUS (y) the respective Annualized Capital Expenditure for each of the hotel properties; DIVIDED BY (ii) the applicable Capitalization Rate. Notwithstanding the foregoing, (a) (i) solely for the period commencing on the Closing Date and ending on June 29, 2003, the Fair Market Value of Real Estate Assets attributable to 399 Park Avenue shall be an amount equal to $1,000,000,000 and (ii) for the quarterly reporting period ending on June 30, 2003 and for all periods thereafter, the Fair Market Value of Real Estate Assets attributable to 399 Park Avenue shall be determined in accordance with the calculation required by the first sentence of this definition, (b) with respect to a Real Estate Asset that was a Real Estate Asset Under Development and for which the Borrower has received a certificate of occupancy or such Real Estate Asset may otherwise be lawfully occupied for its intended use, the Borrower may calculate the Fair Market Value of Real Estate Assets of such Real Estate Asset either in the manner set forth in this definition above or at the cost basis value (or, with respect to 399 Park Avenue, other fixed value as provided in this Agreement) for a period of twelve months after the issuance of the certificate of occupancy or such Real Estate Asset may otherwise be lawfully occupied for its intended use, and (c) with respect to a Real Estate Asset (not a Real Estate Asset Under Development) acquired by the Borrower after the date hereof, the Borrower may calculate the Fair Market Value of Real Estate Assets of such Real Estate Asset either in the manner set forth in this definition above or at the cost basis value (or, with respect to 399 Park Avenue, other fixed value as provided in this Agreement) for a period of twelve months after the date of acquisition by the Borrower.

FEDERAL FUNDS RATE. See definition of "Prime Rate".

FINANCIAL STATEMENT DATE. September 30, 2002.

FRONTING BANK. Fleet or such other Bank as the Borrower may identify in accordance with Section 3.1.5.

"FUNDS FROM OPERATIONS". As defined in accordance with resolutions adopted by the Board of Governors of the National Association of Real Estate Investment Trusts as in effect on the Closing Date.

GAAP. Generally accepted accounting principles, consistently applied.

GUARANTEED PENSION PLAN. Any employee pension benefit plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower or BPI, as the case may be, or any ERISA Affiliate of any of them the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

HAZARDOUS SUBSTANCES. See Section 7.18(b).

INCREASE. See Section 2.10.

INCREASE CONDITIONS. The satisfaction of each of the following:

(a) no Default or Event of Default shall have occurred and be continuing (both before and after giving effect to the Increase) and all representations and warranties contained in the Loan Documents shall be true and correct as of the effective date of

the Increase (except (i) to the extent of changes resulting from transactions contemplated or not prohibited by this Agreement or the other Loan Documents (including, without limitation, the fact that a Real Estate Asset may cease to be a Borrowing Base Property pursuant to the terms of this Agreement) and changes occurring in the ordinary course of business, (ii) to the extent that such representations and warranties relate expressly to an earlier date and (iii) to the extent otherwise represented by the Borrower with respect to the representation set forth in Section 7.10);

(b) the Increase shall be extended on the same terms and conditions applicable to the other Loans; and

(c) to the extent any portion of the Increase is committed to by a third party financial institution or institutions not already a Bank hereunder, such financial institution shall be approved by the Agent (such approval not to be unreasonably withheld or delayed) and each such financial institution shall have signed a counterpart signature page becoming a party to this Agreement and a "Bank" hereunder.

INDEBTEDNESS. All of the following obligations without duplication: (a) the Obligations to the extent outstanding from time to time; (b) all debt and similar monetary obligations for borrowed money, whether direct or indirect; (c) all other liabilities for borrowed money secured by any Lien existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (d) reimbursement obligations for letters of credit; and (e) all guarantees, endorsements and other contingent obligations for or in connection with borrowed money whether direct or indirect in respect of indebtedness or obligations of others.

INDEXED RATE AUCTION. With respect to a request by the Borrower for a Bid Rate Advance, a solicitation in which the Borrower specifies in the Bid Rate Advance Borrowing Notice that the rates of interest to be offered by the Banks shall be rates per annum greater or less than the Eurodollar Rate plus the Applicable Eurodollar Margin.

INITIAL FINANCIAL STATEMENTS. See Section 7.4.

INTEREST PAYMENT DATE. As to any Prime Rate Loan, the last day of any calendar month in which such Loan is outstanding. As to any Eurodollar Rate Loan, the last day of the applicable Interest Period and when such Loan is due, and if such Interest Period is longer than three months, at intervals of three months after the first day thereof. As to any Swingline Loan, the day such Swingline Loan is due.

INTEREST PERIOD. With respect to each Revolving Credit Loan, but without duplication of any other Interest Period, (a) initially, the period commencing on the Drawdown Date of such Loan and ending on the last day of one of the following periods (as selected by the Borrower in a Completed Loan Request): (i) for any Prime Rate Loan, the calendar month in which such Prime Rate Loan is made (whether by borrowing or by conversion from a Eurodollar Rate Loan), and (ii) for any Eurodollar Rate Loan, 1, 2, 3, 4 or 6 months; and (b) thereafter, each period commencing at the end of the last day of the immediately preceding Interest Period applicable to such Revolving Credit Loan and ending on the last day of the applicable period set forth in (a)(i) and (ii) above (as selected by the Borrower in a Conversion Request); PROVIDED that all of the foregoing provisions relating to Interest Periods are subject to the following:

(A) if any Interest Period with respect to a Prime Rate Loan would end on a day that is not a Business Day, that Interest Period shall end on the next succeeding Business Day;

(B) if any Interest Period with respect to a Eurodollar Rate Loan would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(C) if the Borrower shall fail to give notice of conversion as provided in Section 2.5, the Borrower shall be deemed to have requested a conversion of the affected Eurodollar Rate Loan to a Prime Rate Loan on the last day of the then current Interest Period with respect thereto;

(D) any Interest Period relating to any Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for

which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to subparagraph (E) below, end on the last Business Day of a calendar month; and

(E) any Interest Period that would otherwise extend beyond the Maturity Date shall end on the Maturity Date.

INVESTMENTS. All expenditures made and all liabilities incurred (contingently or otherwise, but without double-counting): (i) for the acquisition of stock, partnership or other equity interests or for the acquisition of Indebtedness of, or for loans, advances, capital contributions or transfers of property to, any Person; (ii) in connection with Real Estate Assets Under Development; and (iii) for the acquisition of any other obligations of any Person. In determining the aggregate amount of Investments outstanding at any particular time: (a) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid; (b) there shall be deducted in respect of each such Investment any amount received as a return of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution); (c) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (a) may be deducted when paid; and (d) there shall not be deducted from the aggregate amount of Investments any decrease in the value thereof.

JOINDER DOCUMENTS. The one or more Joinder Agreements among the Agent, the Banks and any Wholly-owned Subsidiary which is to become a Borrower at any time after the Closing Date, the form of which is attached hereto as EXHIBIT G, together with all other documents, instruments and certificates required by any such Joinder Agreement to be delivered by such Wholly-owned Subsidiary to the Agent and the Banks on the date such Wholly-owned Subsidiary becomes a Borrower hereunder.

LEASES. Leases, licenses and agreements, whether written or oral, relating to the use or occupation of space in or on the Buildings or on the Real Estate Assets by Persons other than the Borrower, its Subsidiaries or any Partially-Owned Entity.

LETTER OF CREDIT. See Section 3.1.1.

LETTER OF CREDIT APPLICATION. See Section 3.1.1.

LETTER OF CREDIT FEE. See Section 3.6.

LETTER OF CREDIT PARTICIPATION. See Section 3.1.4.

LIABILITIES. All obligations, contingent and otherwise, that in accordance with GAAP should be classified upon the obligor's balance sheet as liabilities, or to which

reference should be made by footnotes thereto, including in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect, including, without limitation, all Indebtedness; (b) all liabilities secured by any mortgage, pledge, security interest, lien, charge, or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; and (c) all guarantees for borrowed money, endorsements and other contingent obligations, whether direct or indirect, in respect of indebtedness or obligations of others, including any obligation to supply funds (including partnership obligations and capital requirements) to or in any manner to invest in, directly or indirectly, the debtor, to purchase indebtedness, or to assure the owner of indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the indebtedness held by such owner or otherwise, and the obligations to reimburse the issuer in respect of any letters of credit.

LIEN. See Section 9.2.

LOAN DOCUMENTS. Collectively, this Agreement, the Letter of Credit Applications, the Letters of Credit, the Notes, the Joinder Documents and any and all other agreements, instruments, documents or certificates now or hereafter evidencing or otherwise relating to the Loans and executed and delivered by or on behalf of the Borrower or its Subsidiaries or BPI or its Subsidiaries in connection with or in any way relating to the Loans or the transactions contemplated by this Agreement, and all schedules, exhibits and

annexes hereto or thereto, as any of the same may from time to time be amended and in effect.

LOANS. The Revolving Credit Loans, the Swingline Loans and the Bid Rate Loans.

MAJORITY BANKS. As of any date, the Banks whose aggregate Commitments constitute at least fifty-one percent (51%) of the Total Commitment (or, if the Commitments have been terminated, the Banks whose aggregate Commitments, immediately prior to such termination, constituted at least fifty-one percent (51%) of the Total Commitment).

MARKETABLE SECURITIES. As of any date, the securities owned by the Borrower or any of its Subsidiaries which are publicly traded on a nationally-recognized exchange or in the over-the-counter markets.

MATURITY DATE. January 17, 2006, or such earlier date (or later date pursuant to Section 2.11) on which the Revolving Credit Loans shall become due and payable pursuant to the terms hereof. The Maturity Date may be extended to January 17, 2007 in accordance with the terms of Section 2.11.

MAXIMUM DRAWING AMOUNT. The maximum aggregate amount that the beneficiaries may at any time draw under outstanding Letters of Credit, as such maximum aggregate amount may be reduced from time to time pursuant to the terms of the Letters of Credit.

MINIMUM COMMITMENT. With reference to the Bank serving as the Agent, a Commitment equal to the greater of (i) $50,000,000 or (ii) an amount which is greater than or equal to the Commitment of any other Bank.

MOODY'S. Moody's Investors Service, Inc., and its successors.

MORTGAGES. Mortgage debt instruments, in which the Borrower holds a direct or indirect interest, for real estate that is developed.

MULTIEMPLOYER PLAN. Any multiemployer plan within the meaning of Section 3(37) of ERISA maintained or contributed to by the Borrower or any Guarantor as the case may be or any ERISA Affiliate.

NET OPERATING INCOME. As at any date of determination, an amount equal to (i) the aggregate rental and other income from the operation of all Real Estate Assets during the most recent complete fiscal quarter, MULTIPLIED BY 4; MINUS (ii) all expenses and other proper charges incurred in connection with the operation of such Real Estate Assets (including, without limitation, real estate taxes, management fees, bad debt expenses and rent under ground leases) during the most recently completed fiscal quarter MULTIPLIED BY 4; but, in any case, before payment of or provision for debt service charges for such fiscal quarter, income taxes for such fiscal quarter, capital expenses for such fiscal quarter, and depreciation, amortization, and other non-cash expenses for such fiscal quarter, all as determined in accordance with GAAP (except that any rent leveling adjustments shall be excluded from rental income).

NON-MATERIAL BREACH. See Section 14.

NOTE RECORD. A Record with respect to any Note.

NOTES. The Revolving Credit Notes, the Swingline Note and the Bid Rate Notes.

OBLIGATIONS. All indebtedness, obligations and liabilities of the Borrower and its Subsidiaries to any of the Banks and the Agent, individually or collectively (but without double-counting), under this Agreement and each of the other Loan Documents and in respect of any of the Loans and the Notes and Reimbursement Obligations incurred and the Letter of Credit Applications and the Letters of Credit and other instruments at any time evidencing any thereof, whether existing on the date of this Agreement or arising or incurred hereafter, direct or indirect, joint or several, absolute or contingent, matured or

unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise.

ORGANIZATIONAL DOCUMENTS. Collectively, (i) the Agreement of Limited Partnership of BPLP, (ii) the Certificate of Limited Partnership of BPLP, (iii) the Certificate of Incorporation of BPI, (iv) the by-laws of BPI, and (v) all of the partnership agreements, corporate charters and by-laws, limited liability company operating agreements, joint venture agreements or similar agreements,

charter documents and certificates or other agreements relating to the formation, organization or governance of any Borrower (including, without limitation, any Wholly-owned Subsidiary who becomes a Borrower from time to time hereunder), in each case as any of the foregoing may be amended in accordance with Section 8.21.

PARTIALLY-OWNED ENTITY(IES). Any of the partnerships, associations, corporations, limited liability companies, trusts, joint ventures or other business entities in which the Borrower, directly, or indirectly through its full or partial ownership of another entity, own an equity interest, but which is not required in accordance with GAAP to be consolidated with the Borrower for financial reporting purposes.

PBGC. The Pension Benefit Guaranty Corporation created by Section 4002 of ERISA and any successor entity or entities having similar responsibilities.

PERMITS. All governmental permits, licenses, and approvals necessary for the lawful operation and maintenance of the Real Estate Assets.

PERMITTED LIENS. Liens permitted by Section 9.2.

PERMITTED PROPERTY. A property which is an office property, an industrial property or a hotel property (including any of such properties being rehabilitated or expanded), including properties having uses ancillary to any of the foregoing, including, without limitation, multifamily, retail and parking facilities which are ancillary to any such office, industrial or hotel property, and including, in any event, the Prudential Center in Boston, Massachusetts and the Embarcadero Center Property.

PERSON. Any individual, corporation, partnership, trust, limited liability company, unincorporated association, business, or other legal entity, and any government (or any governmental agency or political subdivision thereof).

PREFERRED CREDITOR EQUITY. Any Preferred Equity issued by the Borrower, BPI or any of their respective Subsidiaries which has any of the following characteristics: (i) pursuant to the documents or agreements under which such Preferred Equity was issued or is governed, the equity terms include any covenant that the issuer must meet which, if breached, results in a default permitting acceleration or other acceleration rights; or (ii) pursuant to the documents or agreements under which such Preferred Equity was issued

or is governed, there are any required dividends or other mandatory payments on the equity that, if not paid, create acceleration rights in favor of the holder. The Agent acknowledges that (i) none of the Preferred Equity which exists as of the date of this Agreement constitutes Preferred Creditor Equity and (ii) no subsequently issued Preferred Equity which is issued on substantially the same terms (including that it contains no terms of the nature described in clauses (i) and (ii) above), and which is substantially similar in form and substance, to the Preferred Equity which exists as of the date of this Agreement shall constitute Preferred Creditor Equity.

PREFERRED EQUITY. Any preferred stock, preferred partnership interests, preferred member interests or other preferred equity interests issued by the Borrower, BPI or any of their respective Subsidiaries (including, in any event, the Preferred Creditor Equity).

PRIME RATE. The higher of (i) the annual rate of interest announced from time to time by Fleet at its head office in Boston, Massachusetts as its "Prime Rate" and (ii) one half of one percent (1/2%) PLUS the overnight federal funds effective rate as published by the Board of Governors of the Federal Reserve System, as in effect from time to time (the "Federal Funds Rate"). Any change in the Prime Rate during an Interest Period shall result in a corresponding change on the same day in the rate of interest accruing from and after such day on the unpaid balance of principal of the Prime Rate Loans, if any, applicable to such Interest Period, effective on the day of such change in the Prime Rate.

PRIME RATE LOANS. Those Loans bearing interest calculated by reference to the Prime Rate.

PROSPECTUS. Collectively, the prospectus relating to the common stock of BPI and included in the Registration Statement, and each preliminary prospectus relating thereto.

PROTECTED INTEREST RATE AGREEMENT. An agreement which evidences the interest protection arrangements required by Section 8.16, and all extensions, renewals, modifications, amendments, substitutions and replacements thereof

RCRA. See Section 7.18.

REAL ESTATE ASSETS. The fixed and tangible properties consisting of land, buildings and/or other improvements owned or ground-leased by the Borrower or by any other member of the BP Group (other than BPI, except for the property located at 100 East Pratt Street, Baltimore, Maryland) at the relevant time of reference thereto, including, without limitation, the Borrowing Base Properties at such time of reference, but excluding all leaseholds other than (i) University Place, Cambridge, Massachusetts and (ii) other leaseholds which are subject to ground leases having an unexpired term of not less than (a) thirty (30) years from the date hereof or (b) twenty-seven (27) years from the date hereof if in connection with a so-called reverse like-kind exchange (in either such event, which ground lease unexpired term will include only renewal options exercisable

solely at the ground lessee's option and, if exercisable prior to the Maturity Date, so exercised). Notwithstanding the foregoing, (i) Real Estate Assets shall also include each Approved Condominium Property, (ii) University Place SHALL NOT be includable as a Borrowing Base Property if and so long as it remains subject to a ground lease having an unexpired term of less than thirty (30) years from the date hereof and (iii) 399 Park Avenue SHALL be includable as a Borrowing Base Property if and so long as it remains subject to a ground lease having an unexpired term of not less than twenty seven (27) years from the date hereof.

REAL ESTATE ASSETS UNDER DEVELOPMENT. Any Real Estate Assets for which the Borrower, any of the Borrower's Subsidiaries or any Partially-Owned Entity is actively pursuing construction of one or more Buildings or other improvements and for which construction is proceeding to completion without undue delay from Permit denial, construction delays or otherwise, all pursuant to such Person's ordinary course of business, PROVIDED that any such Real Estate Asset (or, if applicable, any Building comprising a portion of any such Real Estate Asset) will no longer be considered a Real Estate Asset Under Development when a certificate of occupancy has issued for such Real Estate Asset (or Building) or such Real Estate Asset (or Building) may otherwise be lawfully occupied for its intended use. Notwithstanding the foregoing, tenant improvements (where available) to previously constructed and/or leased Real Estate Assets shall not be considered Real Estate Assets Under Development.

RECORD. The grid attached to any Note, or the continuation of such grid, or any other similar record, including computer records, maintained by any Bank with respect to any Loan.

RECOURSE. With reference to any obligation or liability, any liability or obligation that is not Without Recourse to the obligor thereunder, directly or indirectly. For purposes hereof, a Person shall not be deemed to be "indirectly" liable for the liabilities or obligations of an obligor solely by reason of the fact that such Person has an ownership interest in such obligor, PROVIDED that such Person is not otherwise legally liable, directly or indirectly, for such obligor's liabilities or obligations (e.g., by reason of a guaranty or contribution obligation, by operation of law or by reason of such Person being a general partner of such obligor).

REFINANCING MORTGAGE. See Section 8.12.

REGISTRATION STATEMENT. The registration statement on Form S-11 (File No. 333-25279) with respect to the common stock of BPI, which became effective in June, 1997.

REIMBURSEMENT OBLIGATION. The Borrower's obligation to reimburse the Banks and the Agent on account of any drawing under any Letter of Credit as provided in Section 3.2. Notwithstanding the foregoing, unless the Borrower shall notify the Agent of its intent to repay the Reimbursement Obligation on the date of the related drawing under any Letter

of Credit as provided in Section 3.2 and such Reimbursement Obligation is in fact paid by the Borrower on such date, such Reimbursement Obligation shall simultaneously with such drawing be converted to and become a Prime Rate Loan as set forth in Section 3.3.

REIT. A "real estate investment trust", as such term is defined in Section 856 of the Code.

RELEASE. See Section 7.18(c)(iii).

REQUIRED BANKS. As of any date, the Banks whose aggregate Commitments constitute at least sixty-six and two-thirds percent (66-2/3%) of the Total Commitment (or, if the Commitments have been terminated, the Banks whose aggregate Commitments, immediately prior to such termination, constituted at

least sixty-six and two-thirds percent (66-2/3%) of the Total Commitment).

REVOLVING CREDIT LOAN(S). Each and every revolving credit loan made or to be made or deemed made by the Banks to the Borrower pursuant to Section 2 or Section 3.3, and excluding, in any event all Swingline Loans and all Bid Rate Loans.

REVOLVING CREDIT NOTES. Collectively, the separate promissory notes of the Borrower in favor of each Bank in substantially the form of EXHIBIT A hereto, in an aggregate principal amount equal to $605,000,000 or such greater amount to which the Total Commitment is increased pursuant to Section 2.10, dated as of the date hereof or as of such later date as any Person becomes a Bank under this Agreement, and completed with appropriate insertions, as each of such notes may be amended and/or restated from time to time.

S&P. Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc., and its successors.

SARA. See Section 7.18.

SEC. The Securities and Exchange Commission, or any successor thereto.

SEC FILINGS. Collectively, (i) the Registration Statement, (ii) the Prospectus, (iii) each so-called follow-on prospectus filed by BPI with the SEC from time to time, (v) each Form 10-K and Form 8-K filed by BPI with the SEC from time to time and (vi) each of the other public forms and reports filed by BPI with the SEC from time to time.

SECURED CONSOLIDATED TOTAL INDEBTEDNESS. As of any date of determination, the aggregate principal amount of Consolidated Total Indebtedness of the Borrower and its Subsidiaries outstanding at such date secured by a Lien evidenced by a mortgage, deed of trust or other similar security instrument on properties or other assets of the Borrower or its Subsidiaries, without regard to Recourse.

SUBSIDIARY. Any corporation, association, partnership, limited liability company, trust, joint venture or other business entity which is required to be consolidated with the Borrower or BPI in accordance with GAAP.

SWINGLINE COMMITMENT. The obligation of the Swingline Lender to make Swingline Loans to the Borrower in a maximum principal amount not exceeding at any time $60,000,000.

SWINGLINE LENDER. Fleet, in its capacity as swingline lender hereunder, or any Eligible Assignee of Fleet who executes an Assignment and Assumption assuming Fleet's obligations as Swingline Lender.

SWINGLINE LOANS. Collectively, the loans in the maximum aggregate principal amount of the Swingline Commitment made or to be made by the Swingline Lender to the Borrower pursuant to Section 2.8 and subject to the limitations contained herein and with each such Swingline Loan bearing interest at a per annum rate equal to the Prime Rate.

SWINGLINE LOAN AMOUNT. See Section 2.8(b).

SWINGLINE NOTE. The promissory note substantially in the form of Exhibit A-1 hereto which evidences the Swingline Loans.

SWINGLINE TERMINATION DATE. The date which is no later than the 15th day preceding the Maturity Date.

TOTAL COMMITMENT. As of any date, the sum of the then current Commitments of the Banks. As of the Closing Date, the Total Commitment (including the Swingline Commitment) is $605,000,000. After the Closing Date, the aggregate amount of the Total Commitment (including the Swingline Commitment) may be increased to an amount not exceeding $805,000,000, PROVIDED that such Increase is in accordance with the provisions of Section 2.10.

TYPE. As to any Revolving Credit Loan, its nature as a Prime Rate Loan or a Eurodollar Rate Loan.

UNANIMOUS BANK APPROVAL. The written consent of each Bank that is a party to this Agreement at the time of reference.

UNENCUMBERED ASSET. Any Real Estate Asset that on any date of determination is not subject to any Liens (excluding (i) any such Lien imposed by the organizational documents of the owner of such asset relating solely to a restriction on the timing of any sale or refinancing of such Real Estate Asset which does not materially and adversely

affect the value of such Real Estate Asset and with respect to which the Agent has been specifically notified, and (ii) any Permitted Liens).

UNIFORM CUSTOMS. With respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, or any successor version thereof adopted by the Agent in the ordinary course of its business as a letter of credit issuer and in effect at the time of issuance of such Letter of Credit.

UNSECURED CONSOLIDATED TOTAL INDEBTEDNESS. As of any date of determination, the aggregate principal amount of Consolidated Total Indebtedness of the Borrower and its Subsidiaries outstanding at such date (including, without limitation, all the Obligations under this Agreement as of such date), that is not secured by a Lien evidenced by a mortgage, deed of trust or other similar security interest.

UNRESTRICTED CASH AND CASH EQUIVALENTS. As of any date of determination, the sum of (a) the aggregate amount of unrestricted cash then actually held by the Borrower or any of its Subsidiaries (excluding without limitation, until forfeited or otherwise entitled to be retained by the Borrower or any of its Subsidiaries, tenant security and other restricted deposits) and (b) the aggregate amount of unrestricted cash equivalents (valued at fair market value) then held by the Borrower or any of its Subsidiaries. As used in this definition, (i) "unrestricted" means the specified asset is not subject to any Liens in favor of any Person, PROVIDED that, in any event, cash held in a designated hotel account which is required to be used by the Borrower or any Subsidiary in connection with such hotel shall be deemed to be unrestricted cash, and (ii) "cash equivalents" means that such asset has a liquid, par value in cash and is convertible to cash on demand. Notwithstanding anything contained herein to the contrary, the term Unrestricted Cash and Cash Equivalents shall not include the Commitments of the Banks to make Loans or to make any other extension of credit under this Agreement.

WHOLLY-OWNED SUBSIDIARY. Any Subsidiary which the Borrower shall at all times own directly or indirectly (through a Subsidiary or Subsidiaries) at least a majority (by number of votes or controlling interests) of the outstanding voting interests and ninety-nine percent (99%) of the economic interests. For purposes of this definition, (i) with respect to any Subsidiary of the Borrower which is a Massachusetts nominee trust, references to such Subsidiary shall be deemed to be references to the beneficiary or beneficiaries of such nominee trust, and (ii) BPLP shall not be permitted to be released from its Obligations as a Borrower hereunder, notwithstanding any provision of Section 8.14.

"WITHOUT RECOURSE" or "WITHOUT RECOURSE". With reference to any obligation or liability, any obligation or liability for which the obligor thereunder is not liable or obligated other than as to its interest in a designated Real Estate Asset or other specifically identified asset only, subject to such limited exceptions to the non-recourse nature of such obligation or liability, such as, but not limited to, fraud, misappropriation,

misapplication and environmental indemnities, as are usual and customary in like transactions involving institutional lenders at the time of the incurrence of such obligation or liability.

Section 1.2. RULES OF INTERPRETATION.

(i) A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms or the terms of this Agreement.

(ii) The singular includes the plural and the plural includes the singular.

(iii) A reference to any law includes any amendment or modification to such law.

(iv) A reference to any Person includes its permitted successors and permitted assigns.

(v) Accounting terms not otherwise defined herein have the meanings assigned to them by generally accepted accounting principles applied on a consistent basis by the accounting entity to which they refer.

(vi) The words "include", "includes" and "including" are not limiting.

(vii) All terms not specifically defined herein or by generally accepted accounting principles, which terms are defined in the Uniform Commercial Code as in effect in Massachusetts, have the meanings assigned to them therein.

(viii) Reference to a particular "Section " refers to that section of this Agreement unless otherwise indicated.

(ix) The words "herein", "hereof", "hereunder" and words of like import shall refer to this Agreement as a whole and not to any particular section or subdivision of this Agreement.

Section 2. THE REVOLVING CREDIT FACILITY.

Section 2.1 COMMITMENT TO LEND. Subject to the provisions of Section 2.4 and the other terms and conditions set forth in this Agreement, each of the Banks severally agrees to lend to the Borrower, and the Borrower may borrow, repay, and reborrow from each Bank from time to time between the Closing Date and the Maturity Date upon notice by the

Borrower to the Agent (with copies to the Agent for each Bank) given in accordance with Section 2.4, such sums as are requested by the Borrower up to a maximum aggregate principal amount outstanding (after giving effect to all amounts requested) at any one time equal to such Bank's Commitment MINUS, without double counting, an amount equal to such Bank's Commitment Percentage MULTIPLIED BY the sum of (x) the outstanding principal amount of all Swingline Loans and Bid Rate Loans PLUS (y) all Reimbursement Obligations to the extent not yet deemed Revolving Credit Loans pursuant to Section 3.3 and the Maximum Drawing Amount; PROVIDED that the sum of the outstanding amount of the Revolving Credit Loans (after giving effect to all amounts requested), PLUS the Maximum Drawing Amount and, without double-counting the portion, if any, of any Letter of Credit which is drawn and included in the Revolving Credit Loans or the Maximum Drawing Amount, all outstanding Reimbursement Obligations, PLUS all outstanding Swingline Loans, PLUS all outstanding Bid Rate Loans, shall not at any time exceed the lesser of (i) the Total Commitment and (ii) the Borrowing Base Availability at such time, and PROVIDED, FURTHER, that at the time the Borrower requests a Revolving Credit Loan and after giving effect to the making thereof: (i) in the case of any borrowing, all of the conditions in Section 13 (and in the case of any initial borrowing or other extension of credit on the Closing Date, also the conditions in Section 12) have been met at the time of such request, and (ii) there has not occurred and is not continuing (or will not occur by reason thereof) any Default or Event of Default; it being acknowledged and agreed that the Borrower shall be permitted to request and borrow Loans if a Non-Material Breach (rather than a Default or Event of Default) exists, PROVIDED that in the event that such Non-Material Breach relates to a Real Estate Asset forming part of the Borrowing Base at such time, such Real Estate Asset shall be excluded from the calculation of Borrowing Base Availability for all purposes in the compliance certificate accompanying any Completed Loan Request.

The Revolving Credit Loans shall be made PRO RATA in accordance with each Bank's Commitment Percentage. Each request for a Revolving Credit Loan made pursuant to Section 2.4 shall constitute a representation and warranty by the Borrower that the conditions set forth in Section 12 have been satisfied (except to the extent any such condition has been waived and/or deferred in writing by the Agent and the required number of Banks) as of the Closing Date and that the conditions set forth in Section 13 have been satisfied (except to the extent any such condition has been waived and/or deferred in writing by the Agent and the required number of Banks) on the date of such request and will be satisfied (except to the extent any such condition has been waived and/or deferred in writing by the Agent and the required number of Banks) on the proposed Drawdown Date of the requested Loan or issuance of Letter of Credit, as the case may be, PROVIDED that the making of such representation and warranty by the Borrower shall not limit the right of any Bank not to lend if such conditions have not been met. No Revolving Credit Loan or other extension of credit shall be required to be made by any Bank unless (in connection with the initial Revolving Credit Loan or Letter of Credit or other extension of credit) all of the conditions contained in Section 12 have been satisfied (except to the extent any such condition has been waived and/or deferred in writing by the Agent and the required

number of Banks) as of the Closing Date and unless all of the conditions set forth in Section 13 have been met at the time of any request for a Revolving

Credit Loan or other extension of credit (except to the extent any such condition has been waived and/or deferred in writing by the Agent and the required number of Banks).

Section 2.2. THE REVOLVING CREDIT NOTES. The Revolving Credit Loans shall be evidenced by the Revolving Credit Notes. A Revolving Credit Note shall be payable to the order of each Bank in an aggregate principal amount equal to such Bank's Commitment. The Borrower irrevocably authorizes each Bank to make or cause to be made, at or about the time of the Drawdown Date of any Revolving Credit Loan or at the time of receipt of any payment of principal on such Bank's Revolving Credit Notes, an appropriate notation on such Bank's applicable Note Record reflecting the making of such Revolving Credit Loan or (as the case may be) the receipt of such payment. The outstanding amount of the Revolving Credit Loans set forth on such applicable Note Record shall be PRIMA FACIE evidence of the principal amount thereof owing and unpaid to such Bank, but the failure to record, or any error in so recording, any such amount on such Note Record shall not limit or otherwise affect the rights and obligations of the Borrower hereunder or under any Revolving Credit Note to make payments of principal of or interest on any Revolving Credit Note when due.

Section 2.3. INTEREST ON REVOLVING CREDIT LOANS; FEES.

(a) Each Prime Rate Loan shall bear interest for the period commencing with the Drawdown Date thereof and ending on the last day of the Interest Period with respect thereto (unless earlier paid in accordance with Section 4.2) at a rate equal to the Prime Rate PLUS the Applicable Prime Rate Margin.

(b) Each Eurodollar Rate Loan shall bear interest for the period commencing with the Drawdown Date thereof and ending on the last day of the Interest Period with respect thereto (unless earlier paid in accordance with Section 4.2) at a rate equal to the Eurodollar Rate determined for such Interest Period PLUS the Applicable Eurodollar Margin.

(c) The Borrower unconditionally promises to pay interest on each Revolving Credit Loan in arrears on each Interest Payment Date with respect thereto.

(d) The Borrower agrees to pay to the Agent, for the accounts of the Banks in accordance with their respective Commitment Percentages, a facility fee (the "Facility Fee") calculated at the rate, expressed in basis points on the Total Commitment, which shall vary from time to time in relationship to variances in the Debt Ratings as set forth in the following table:

S&P Moody's Facility Fee (bps) - ------- ------ ------- ----- - ------- ------- --- A- or above A3 or above 15 BBB+ Baa1 15 BBB Baa2 20 BBB- Baa3 20 Below BBB- or Below Baa3 or unrated unrated 25

If the Debt Ratings from the two agencies referred to above are not equivalent, the Facility Fee will be determined (i) based on the higher of the two Debt Ratings if the lower Debt Rating is no more than one level lower than the higher

Debt Rating, and (ii) based on the average of the two Debt Ratings if the lower Debt Rating is more than one level lower than the higher Debt Rating. Adjustments in the Facility Fee based upon a change in a Debt Rating level shall be effective on the first day following the change in such Debt Rating.

The Borrower shall notify the Agent in writing of any change in the Debt Rating as and when such change occurs.

The Facility Fee shall be payable quarterly in arrears on the first Business Day of each calendar quarter for the immediately preceding calendar quarter commencing on the first such date following the Closing Date through the Maturity Date, with a final payment on the Maturity Date.

Section 2.4. REQUESTS FOR REVOLVING CREDIT LOANS.

The following provisions shall apply to each request by the Borrower for a Revolving Credit Loan:

(i) The Borrower shall submit a Completed Loan Request to the Agent, together with a duplicate copy of such Completed Loan Request for each Bank which is then a party to this Agreement at the time such loan request is made. Such Completed Loan Requests shall be delivered in separate envelopes to the Agent and be addressed to the Agent and each Bank, respectively, and each such envelope shall be conspicuously marked with the following legend: "LOAN REQUEST -- TIME SENSITIVE -- MUST RESPOND WITHIN [2/4] DAYS" and with the appropriate period filled in. Except as otherwise provided herein, each Completed Loan Request shall be in a minimum amount of $1,000,000 or an integral multiple of $100,000 in excess thereof. Each Completed Loan Request shall be irrevocable and binding on the Borrower and shall obligate the Borrower to accept the Revolving Credit Loans requested

from the Banks on the proposed Drawdown Date, unless such Completed Loan Request is withdrawn (x) in the case of a request for a Eurodollar Rate Loan, at least four (4) Business Days prior to the proposed Drawdown Date for such Loan, and (y) in the case of a request for a Prime Rate Loan, at least two (2) Business Days prior to the proposed Drawdown Date for such Loan.

(ii) Each Completed Loan Request shall be delivered by the Borrower to the Agent by 10:00 a.m. on any Business Day, and at least two (2) Business Days prior to the proposed Drawdown Date of any Prime Rate Loan, and at least four (4) Business Days prior to the proposed Drawdown Date of any Eurodollar Rate Loan.

(iii) Each Completed Loan Request shall include a completed writing in the form of EXHIBIT B hereto specifying: (1) the principal amount of the Revolving Credit Loan requested, (2) the proposed Drawdown Date of such Revolving Credit Loan, (3) the Interest Period applicable to such Revolving Credit Loan, and (4) the Type of such Revolving Credit Loan being requested.

(iv) No Bank shall be obligated to fund any Revolving Credit Loan or issue any Letter of Credit unless:

(a) a Completed Loan Request has been timely received by the Agent as provided in subsection (i) above; and

(b) both before and after giving effect to the Revolving Credit Loan to be made or Letter of Credit to be issued pursuant to the Completed Loan Request, all of the conditions contained in Section 12 shall have been satisfied (to the extent such conditions have not been waived and/or deferred in writing by the Agent and the required number of Banks prior to the initial advance) as of the Closing Date, with respect to the initial advance only, and all of the conditions set forth in Section 13 shall have been met, including, without limitation, the condition under Section 13.1 that there be no Default or Event of Default under this Agreement; and

(c) the Agent shall have received (with copies

to the Agent for each Bank) a certificate in the form of EXHIBIT C-1 hereto signed by the chief financial officer, treasurer or controller of the Borrower setting forth computations evidencing compliance with the covenants contained in Section 10 on a PRO FORMA basis after giving effect to such requested Revolving Credit Loan (including, without limitation, a certification that, to the best of the Borrower's

knowledge, if the Borrowing Base Value and the Borrowing Base Debt Service Coverage Ratio were to be calculated on the Drawdown Date of any Revolving Credit Loan for the period through the Drawdown Date rather than through the last day of the most recently completed fiscal quarter, there would be sufficient Borrowing Base Availability for the requested Revolving Credit Loan), and certifying that, both before and after giving effect to such requested Revolving Credit Loan or Letter of Credit, no Default or Event of Default exists or will exist under this Agreement or any other Loan Document, and that after taking into account such requested Revolving Credit Loan or Letter of Credit, no Default or Event of Default will exist as of the Drawdown Date.

(v) The Agent will use best efforts to cause the Completed Loan Request to be delivered to each Bank on the same day it is received by the Agent and will, absent circumstances outside of its control, cause the Completed Loan Request to be delivered to each Bank on the Business Day following the day a Completed Loan Request is received by the Agent.

Section 2.5. CONVERSION OPTIONS.

(a) The Borrower may elect from time to time to convert any outstanding Revolving Credit Loan to a Revolving Credit Loan of another Type, PROVIDED that (i) with respect to any such conversion of a Eurodollar Rate Loan to a Prime Rate Loan, such conversion shall take place automatically at the end of the applicable Interest Period unless the Borrower provides notice to the Agent of its request to continue such Loan as a Eurodollar Rate Loan as provided in Section 2.5(b) and Section 2.5(a)(ii); (ii) subject to the further proviso at the end of this Section 2.5(a) and subject to Section 2.5(b) and Section 2.5(d), with respect to any conversion of a Prime Rate Loan to a Eurodollar Rate Loan (or a continuation of a Eurodollar Rate Loan, as provided in Section 2.5(b)), the Borrower shall give the Agent (with copies to the Agent for each Bank) at least four (4) Eurodollar Business Days' prior written notice of such election, which such notice must be received by the Agent by 10:00 a.m. on any Business Day; and (iii) no Loan may be converted into a Eurodollar Rate Loan when any Default or Event of Default has occurred and is continuing. All or any part of outstanding Revolving Credit Loans of any Type may be converted as provided herein, PROVIDED that each Conversion Request relating to the conversion of a Prime Rate Loan to a Eurodollar Rate Loan shall be for an amount equal to $1,000,000 or an integral multiple of $100,000 in excess thereof and shall be irrevocable by the Borrower.

(b) Any Revolving Credit Loan of any Type may be continued as such upon the expiration of the Interest Period with respect thereto (i) in the case of Prime Rate Loans, automatically and (ii) in the case of Eurodollar Rate Loans by compliance by the Borrower with the notice provisions contained in Section 2.5(a)(ii); PROVIDED that no Eurodollar

Rate Loan may be continued as such when any Default or Event of Default has occurred and is continuing but shall be automatically converted to a Prime Rate Loan on the last day of the first Interest Period relating thereto ending during the continuance of any Default or Event of Default. The Borrower shall notify the Agent promptly when any such automatic conversion contemplated by this Section 2.5(b) is scheduled to occur.

(c) In the event that the Borrower does not notify the Agent of its election hereunder with respect to any Revolving Credit Loan, such Loan shall be automatically converted to a Prime Rate Loan at the end of the applicable Interest Period.

(d) The Borrower may not request or elect a Eurodollar Rate Loan pursuant to Section 2.4, elect to convert a Prime Rate Loan to a Eurodollar Loan pursuant to Section 2.5(a) or elect to continue a Eurodollar Rate Loan

pursuant to Section 2.5(b) if, after giving effect thereto, there would be greater than six (6) Eurodollar Rate Loans then outstanding. Any Loan Request or Conversion Request for a Eurodollar Rate Loan that would create greater than six (6) Eurodollar Rate Loans outstanding shall be deemed to be a Loan Request or Conversion Request for a Prime Rate Loan. By way of explanation of the foregoing, in the event that the Borrower wishes to convert or continue two or more Loans into one Eurodollar Rate Loan on the same day and for identical Interest Periods (or borrow an additional Revolving Credit Loan simultaneously with converting or continuing a Revolving Credit Loan for identical Interest Periods), such Eurodollar Rate Loan shall constitute one single Eurodollar Rate Loan for purposes of this clause (d).

Section 2.6. FUNDS FOR REVOLVING CREDIT LOANS.

(a) Subject to the other provisions of this Section 2, not later than 11:00 a.m. (Boston time) on the proposed Drawdown Date of any Revolving Credit Loan, each of the Banks will make available to the Agent, at its Head Office, in immediately available funds, the amount of such Bank's Commitment Percentage of the amount of the requested Revolving Credit Loan. Upon receipt from each Bank of such amount, the Agent will make available to the Borrower the aggregate amount of such Revolving Credit Loan made available to the Agent by the Banks. All such funds received by the Agent by 11:00 a.m. (Boston Time) on any Business Day will be made available to the Borrower not later than 2:00 p.m. on the same Business Day; funds received after such time will be made available by not later than 11:00 a.m. on the next Business Day (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.'). The failure or refusal of any Bank to make available to the Agent at the aforesaid time and place on any Drawdown Date the amount of its Commitment Percentage of the requested Revolving Credit Loan shall not relieve any other Bank from its several obligation hereunder to make available to the Agent the amount of its Commitment Percentage of any requested Revolving Credit Loan but in no event shall the Agent (in its capacity as Agent) have any obligation to make any funding or shall any Bank be obligated to fund more than its Commitment Percentage of the

requested Revolving Credit Loan or to increase its Commitment Percentage on account of such failure or otherwise.

(b) The Agent may, unless notified to the contrary by any Bank prior to a Drawdown Date, assume that such Bank has made available to the Agent on such Drawdown Date the amount of such Bank's Commitment Percentage of the Revolving Credit Loan to be made on such Drawdown Date, and the Agent may (but it shall not be required to), in reliance upon such assumption, make available to the Borrower a corresponding amount. If any Bank makes available to the Agent such amount on a date after such Drawdown Date, such Bank shall pay to the Agent on demand an amount equal to the product of (i) the average, computed for the period referred to in clause (iii) below, of the weighted average interest rate paid by the Agent for federal funds acquired by the Agent during each day included in such period, MULTIPLIED BY (ii) the amount of such Bank's Commitment Percentage of such Revolving Credit Loan, MULTIPLIED BY (iii) a fraction, the numerator of which is the number of days that elapsed from and including such Drawdown Date to the date on which the amount of such Bank's Commitment Percentage of such Revolving Credit Loan shall become immediately available to the Agent, and the denominator of which is 365. A statement of the Agent submitted to such Bank with respect to any amounts owing under this paragraph shall be PRIMA FACIE evidence of the amount due and owing to the Agent by such Bank.

Section 2.7. REDUCTION OF COMMITMENT. The Borrower shall have the right at any time and from time to time upon five (5) Business Days' prior written notice to the Agent (with copies to the Agent for each Bank) to reduce by $500,000 or an integral multiple thereof or terminate entirely the unborrowed portion of the then Total Commitment, whereupon the Commitments of the Banks shall be reduced PRO RATA in accordance with their respective Commitment Percentages by the amount specified in such notice or, as the case may be, terminated. Upon the effective date of any such reduction or termination, the Borrower shall pay to the Agent for the respective accounts of the Banks the full amount of the Facility Fee then accrued and unpaid on the amount of the reduction. No reduction or termination of the Commitments may be reinstated.

Section 2.8. SWINGLINE LOANS.

(a) AVAILABILITY. Subject to the terms and conditions of this Agreement and so long as the Swingline Lender does not have knowledge that any Default or Event of Default exists or will exist after giving effect to the applicable Swingline Loan, and the Borrower has delivered to the Agent a loan request, including the certificate referred to in Section 2.4(iv)(c), as if all

references in Section 2.4(iv)(c) to Revolving Credit Loans were to Swingline Loans, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time from the Closing Date to, but not including, the Swingline Termination Date; PROVIDED, that the aggregate principal amount of all outstanding Swingline Loans (after giving effect to any amount requested) at any time, shall not exceed the lesser of (i) the Total Commitment in effect at such time LESS the sum

of (A) all outstanding Revolving Credit Loans at such time (after giving effect to all amounts requested), (B) the Maximum Drawing Amount and, without double-counting the portion, if any, of any Letter of Credit which is drawn and included in the Revolving Credit Loans or the Maximum Drawing Amount, all outstanding Reimbursement Obligations at such time, and (C) all outstanding Bid Rate Loans at such time, (ii) the Borrowing Base Availability at such time and (iii) the Swingline Commitment at such time. Swingline Loans hereunder may be used in anticipation of borrowing Revolving Credit Loans, Bid Rate Loans and for other short-term requirements and shall be repaid in accordance with the terms hereof. Each Swingline Loan must be for an amount equal to at least $1,000,000 and in an integral multiple of $100,000 and shall be evidenced by the Swingline Note. The Swingline Lender shall initiate the transfer of funds representing the Swingline Loan to the Borrower by 4:00 p.m. (Boston time) on the Business Day of the requested borrowing, so long as the Swingline Loan has been requested by the Borrower no later than 1:00 p.m. (Boston time) on such Business Day. In no event shall the number of Swingline Loans outstanding at any time exceed three (3). All Swingline Loans shall bear interest at the Prime Rate plus the Applicable Prime Rate Margin. The Borrower unconditionally promises to pay interest on each Swingline Loan in arrears on each Interest Payment Date with respect thereto.

(b) REPAYMENT. The Borrower hereby absolutely and unconditionally promises to repay the outstanding principal amount of each Swingline Loan and all accrued interest and charges thereon (the "Swingline Loan Amount") on the earliest to occur of: (i) the fifth (5th) Business Day after the date on which the Swingline Loan is advanced or (ii) the Swingline Termination Date; PROVIDED, the Borrower shall have the right to prepay Swingline Loans without penalty or any prepayment charge.

(c) REFUNDING AND CONVERSION OF SWINGLINE LOANS TO REVOLVING CREDIT LOANS.

(i) On the maturity of each Swingline Loan (which shall be no longer than the period for repayment set forth above in Section 2.8(b)), the Borrower shall be deemed to have requested on such date a Revolving Credit Loan comprised solely of a Prime Rate Loan in a principal amount equal to the Swingline Loan Amount in order to repay such Swingline Loan. Such refundings of the Swingline Loan through the funding of such Revolving Credit Loans shall be made by the Banks in accordance with their respective Commitment Percentages and shall thereafter be reflected as Revolving Credit Loans of the Banks on the books and records of the Agent.

(ii) If a Default or an Event of Default has occurred and is continuing, all Swingline Loans shall be refunded by the Banks on demand by the Swingline Lender, in which case the Borrower shall be deemed to have requested on such date of demand a Revolving Credit Loan comprised solely of a Prime Rate Loan in a principal amount equal to the Swingline Loan Amount for such Swingline Loans. Such refundings of the Swingline Loans through the funding of such Revolving Credit Loans

shall be made by the Banks in accordance with their respective Commitment Percentages and shall thereafter be reflected as Revolving Credit Loans of the Banks on the books and records of the Agent.

(iii) Each Bank shall fund its respective Commitment Percentage of Revolving Credit Loans as required to so repay Swingline Loans outstanding to the Swingline Lender upon such deemed request or demand by the Swingline Lender but in no event later than 2:00 p.m. (Boston time) on the next succeeding Business Day after such deemed request or demand is made. No Bank's obligation to fund its respective Commitment Percentage of the repayment of a Swingline Loan shall be affected by any other Bank's failure to fund its Commitment Percentage of such repayment, nor shall any Bank's Commitment Percentage be increased as a result of any such failure of any other Bank to fund its Commitment Percentage. To the extent any Bank does not fund its respective Commitment Percentage of any Revolving Credit Loan to the Borrower pursuant to this Section 2.8(c)(iii), such Bank shall be deemed a Delinquent Bank and the Borrower shall repay such amounts to the Swingline Lender in accordance with the provisions of Section 4.3 as if such Loan were a Revolving Credit Loan for which a Bank did not remit its share to the Agent. If any

portion of any such amount paid to the Swingline Lender shall be recovered by or on behalf of the Borrower from the Swingline Lender in bankruptcy or otherwise, the loss of the amount so recovered shall be ratably shared among all the Banks.

(iv) If at any time the Borrower receives notice from the Swingline Lender that the aggregate principal amount of all Revolving Credit Loans outstanding, PLUS the aggregate principal amount of all Swingline Loans outstanding (including the Swingline Loan for which demand for payment is then made by the Swingline Lender pursuant to this subsection), PLUS the Maximum Drawing Amount and, PLUS, without double-counting the portion, if any, of any Letter of Credit which is drawn and included in the Revolving Credit Loans or the Maximum Drawing Amount, all outstanding Reimbursement Obligations at such time, PLUS all outstanding Bid Rate Loans at such time, equals or exceeds the lesser of (A) Total Commitment at such time and (B) the Borrowing Base Availability at such time, the Borrower shall repay the amount of such excess upon demand by the Swingline Lender, which payment shall be applied first to the Swingline Loans, second to the Revolving Credit Loans and thereafter to the Bid Rate Loans.

(v) Each Bank acknowledges and agrees that its obligation to refund Swingline Loans with Revolving Credit Loans in accordance with the terms of this Section 2.8 is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, in any event, non-satisfaction of any conditions set forth in this Agreement pertaining to advances of Revolving Credit Loans hereunder, except to the limited extent expressly referred to in the first sentence of Section 2.8(a). Further, each Bank agrees and acknowledges that if, prior to the refunding of any outstanding Swingline Loans pursuant to this Section 2.8, one of the events described in Sections 14.1(g) or (h) shall have

occurred, each Bank will, on the date the applicable Revolving Credit Loan would have been made pursuant to Section 2.8(c)(i) or (ii), purchase an undivided participating interest in the Swingline Loan to be refunded in an amount equal to its Commitment Percentage of such Swingline Loan Amount. Each Bank will immediately transfer to the Swingline Lender, in immediately available funds, the amount of its participation. Whenever, at any time after the Swingline Lender has received from any Bank such Bank's participating interest in a Swingline Loan, the Swingline Lender receives any payment on account thereof, the Swingline Lender will distribute to such Bank its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Bank's participating interest was outstanding and funded).

(vi) Each Bank's Commitment Percentage applicable to any Swingline Loan shall be identical to its Commitment Percentage applicable to Revolving Credit Loans.

Section 2.9. BID RATE ADVANCES.

(a) Each Bank severally agrees that, on the terms and conditions set forth in this Agreement, the Borrower may request and receive Bid Rate Advances under this Section 2.9 from time to time on any Business Day during the period from the date hereof until the date occurring 30 days prior to the Maturity Date in the manner set forth below; PROVIDED, HOWEVER, that:

(i) following the making of each Bid Rate Advance, the aggregate principal amount of all Revolving Credit Loans then outstanding, PLUS the aggregate amount of all Swingline Loans then outstanding, PLUS the aggregate amount of all Bid Rate Advances then outstanding (including the requested Bid Rate Advance), PLUS the Maximum Drawing Amount and, without double-counting the portion, if any, of any Letter of Credit which is drawn and included in the Revolving Credit Loans or the Maximum Drawing Amount, PLUS all outstanding Reimbursement Obligations at such time, shall not exceed the lesser of (A) the Total Commitment in effect at such time or (B) the Borrowing Base Availability in effect at such time;

(ii) at no time shall the aggregate amount of all Bid Rate Advances then outstanding (including the requested Bid Rate Advance) exceed the Bid Rate Maximum Amount; and

(iii) at the time the Borrower requests a Bid Rate Advance and after giving effect to the making thereof, no Default or Event of Default has occurred and is continuing.

(b) The procedures for the solicitation and acceptance of Bid Rate Loans are set forth below (with the references to time of day meaning Boston, Massachusetts time):

(i) The Borrower may request a Bid Rate Advance under this Section 2.9(b) by giving the Agent irrevocable notice, in the form attached hereto as Exhibit D-2 (a "Bid Rate Advance Borrowing Notice"), specifying the date and aggregate amount of the proposed Bid Rate Advance, the maturity date for repayment of each Bid Rate Loan to be made as part of such Bid Rate Advance (which maturity date may not be earlier than, in the case of an Absolute Rate Auction, the date occurring one day, and in the case of an Indexed Rate Auction, the date occurring seven days, after the date of the related Bid Rate Advance or later than, in either case, the earlier of the day occurring 180 days after the date of such Bid Rate Advance and the Maturity Date), and any other terms to be applicable to such Bid Rate Advance, not later than 11:00 a.m. (A) in the case of an Absolute Rate Auction, one (1) Business Day prior to the date of the proposed Bid Rate Advance, and (B) in the case of an Indexed Rate Auction, four (4) Business Days prior to the date of the proposed Bid Rate Advance. The Agent shall, promptly following its receipt of a Bid Rate Advance Borrowing Notice under this Section 2.9(b), notify each Bank of such request by sending such Bank a copy of such Bid Rate Advance Borrowing Notice.

(ii) Each Bank may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Bid Rate Loans to the Borrower as part of such proposed Bid Rate Advance at a rate or rates of interest specified by such Bank in its sole discretion, by providing written notice to the Agent (which shall give prompt notice thereof to the Borrower), before 12:00 p.m. (or if such Bank is serving as the Agent, before 11:30 a.m.) on (A) the date of such proposed Bid Rate Advance, in the case of an Absolute Rate Auction, and (B) the date that is three Business Days before the date of such proposed Bid Rate Advance, in the case of an Indexed Rate Auction, in the form of Exhibit D-3 attached hereto (the "Competitive Bid Notice") of the minimum amount and maximum amount of each Bid Rate Loan which such Bank would be willing to make as part of such proposed Bid Rate Advance (which amounts may, subject to the proviso to the first sentence of Section 2.9(a), exceed such Bank's Commitment) and the rate or rates of interest therefor.

Any Competitive Bid Notice shall be disregarded and given no effect if it contains qualifying or conditional language, proposes terms and conditions other than or in addition to those set forth in the applicable Bid

Rate Advance Borrowing Notice or arrives after the time set forth above for its receipt by the Agent.

(iii) The Borrower shall, in turn, before (A) 1:00 p.m. on the date of such proposed Bid Rate Advance, in the case of an Absolute Rate Auction, and (B) 1:00 p.m. three Business Days before the date of such proposed Bid Rate Advance, in the case of an Indexed Rate Auction, either:

(x) cancel such Bid Rate Advance by giving the Agent notice to that effect, or

(y) accept one or more of the offers made by any Bank or Banks pursuant to Section 2.9(b), in its sole discretion and subject to Section 2.9(d), by giving notice, in the form of EXHIBIT D-4 attached hereto, to the Agent of the amount of each Bid Rate Loan to be made by each Bank as part of such Bid Rate Advance, and reject any remaining offers made by Banks pursuant to Section 2.9(b)(ii) by giving the Agent notice to that effect.

(iv) If the Borrower notifies the Agent that such Bid Rate Advance is canceled pursuant to Section 2.9(b)(iii)(x) above, the Agent shall give prompt notice thereof to the Banks and such Bid Rate Advance shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Bank or Banks pursuant to Section 2.9(b)(iii)(y),

the Agent shall in turn promptly notify (A) each Bank that has made an offer as described in Section 2.9(b)(ii) of the date, and aggregate amount of such Bid Rate Advance and whether or not any offer or offers made by such Bank pursuant to Section 2.9(b)(ii) have been accepted by the Borrower and (B) each Bank that is to make a Bid Rate Loan as part of such Bid Rate Advance, of the amount of each Bid Rate Loan to be made by such Bank as part of such Bid Rate Advance. Each Bank that is to make a Bid Rate Loan as part of such Bid Rate Advance shall, not later than the specified remittance time (as set forth in the notice received from the Agent pursuant to clause (B) of the preceding sentence) on the date of such Bid Rate Advance specified in the notice received from the Agent pursuant to clause (B) of the preceding sentence, make available to the Agent such Bank's portion of such Bid Rate Advance, in same day funds. After receipt by the Agent of such funds and provided that the conditions in Section 13 are satisfied and the Borrower has delivered to the Agent the certificate referred to in Section 2.4(iv)(c) as if all references in Section 2.4(iv)(c) to Revolving Credit Loans were to Bid Rate Loans, the Agent will make such funds available to the

Borrower upon execution and delivery to the applicable Bank (with a copy to the Agent) by the Borrower of a Bid Rate Note evidencing such Bid Rate Loan (and the provisions set forth in the last two sentences of Section 2.2 relating to Revolving Credit Notes shall apply equally to the Bid Rate Notes). Promptly after each Bid Rate Advance the Agent will notify each Bank of the Bid Rate Advance.

(vi) If the Borrower accepts one or more of the offers made by any Bank or Banks pursuant to Section 2.9(b)(iii)(y) and fails to borrow any Bid Rate Loan so accepted, the Borrower shall indemnify the Bank funding such Loan against any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such unborrowed Bid Rate Loans, including, without limitation, Eurodollar Breakage Costs or other compensation as provided in Section 5.8.

(vii) A Bid Rate Advance fee of $750.00 shall be payable by the Borrower to the Agent, for the account of the Agent, with respect to and concurrently with the delivery of each Bid Rate Advance Borrowing Notice.

(c) Each Bid Rate Advance shall be in an aggregate amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof, and, following the making of each Bid Rate Advance, the Borrower shall be in compliance with the limitation set forth in the proviso to Section 2.9(a).

(d) Each acceptance by the Borrower pursuant to Section 2.9(b)(iii)(y) of the offers made in response to a Bid Rate Advance Borrowing Notice shall be treated as an acceptance of such offers in ascending order of the rates or margins, as applicable, at which the same were made but if, as a result thereof, two or more offers at the same such rate or margin would be partially accepted, then the amounts of the Bid Rate Loans in respect of which such offers are accepted shall be treated as being the amounts which bear the same proportion to one another as the respective amounts of the Bid Rate Loans so offered bear to one another but, in each case, rounded as the Agent may consider necessary to ensure that the amount of each such Bid Rate Loan is $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

(e) Within the limits and on the conditions set forth in this Section 2.9, the Borrower may from time to time borrow under this Section 2.9, repay pursuant to Section 2.9(f), and reborrow under this Section 2.9.

(f) The Borrower hereby absolutely and unconditionally promises to pay to the Agent for the account of each Bank which has made a Bid Rate Loan to it, on the maturity date of such Bid Rate Loan (such maturity date being that specified by the

Borrower for repayment of such Bid Rate Loan in the related Bid Rate Advance Borrowing Notice) or such earlier date to which the maturity of such Bid Rate Loan has been accelerated hereunder, the then unpaid principal amount of such Bid Rate Loan and all accrued but unpaid interest thereon. The Borrower shall

have no right to prepay any principal amount of any Bid Rate Loan unless, and then only on the terms, specified by the Borrower for such Bid Rate Loan in the related Bid Rate Advance Borrowing Notice and subject to payment of Eurodollar Breakage Costs and Section 5.8.

(g) The Borrower shall, and hereby absolutely and unconditionally promises to, pay interest on the unpaid principal amount of each Bid Rate Loan made to it, from the date of such Bid Rate Loan to the date the principal amount of such Bid Rate Loan is repaid in full, at the rate of interest for such Bid Rate Loan specified by the Bank making such Bid Rate Loan in the related notice submitted by such Bank pursuant to Section 2.9(b)(ii), payable on the interest payment date or dates specified by the Borrower for such Bid Rate Loan in the related Bid Rate Advance Borrowing Notice and on any date on which such Bid Rate Loan is prepaid, whether by acceleration or otherwise, and at maturity. In the event the term of any Bid Rate Loan shall be longer than three months, interest thereon shall be payable not less frequently than once each three-month period during such term. Interest on Bid Rate Loans shall be calculated for actual days elapsed on the basis of a 360-day year.

Section 2.10. INCREASES IN TOTAL COMMITMENT. The Borrower shall have the right to cause the Total Commitment to increase by an amount not at any time exceeding $200,000,000 (the "Increase"), in which event the Agent will amend SCHEDULE 2 to reflect the increased Commitment of each Bank, if any, that has agreed in writing to an increase and to add any third party financial institution that may have become a party to, and a "Bank" under, this Agreement in connection with the Increase; PROVIDED, HOWEVER, that it shall be a condition precedent to the effectiveness of the Increase that the Increase Conditions shall have been satisfied. In the event that the Increase results in any change to the Commitment Percentage of any Bank, then on the effective date of such Increase in the Total Commitment (i) any new Bank, and any existing Bank whose Commitment has increased, shall pay to the Agent such amounts as are necessary to fund its new or increased Commitment Percentage of all existing Revolving Credit Loans, (ii) the Agent will use the proceeds thereof to pay to all Banks whose Commitment Percentage is decreasing such amounts as are necessary so that each such Bank's participation in existing Revolving Credit Loans will be equal to its adjusted Commitment Percentage, and (iii) if the effective date of such Increase in the Total Commitment occurs on a date other than the last day of an Interest Period applicable to any outstanding Eurodollar Rate Loan, the Borrower will be responsible for Eurodollar Breakage Costs and any other amounts payable pursuant to Section 5.8 on account of the payments made pursuant to clause (ii) above.

Section 2.11. EXTENSION OF REVOLVING CREDIT MATURITY DATE. At least 30 days but in no event more than 90 days prior to January 17, 2006, the Borrower, by written notice to the Agent (with copies for each Bank), may request an extension of the Maturity Date by a period of one year from the Maturity Date then in effect (the "Extension"). The Extension shall become effective on January 17, 2006 so long as (i) the Borrower has paid to the Agent on such date, for the ratable accounts of the Banks, an extension fee in an amount equal to 20 basis points on the Total Commitment in effect on such date, and (ii) no Default or Event of Default has occurred and is continuing on such date and all representations and warranties contained in the Loan Documents shall be true and correct as of such date (except (i) to the extent of changes resulting from transactions contemplated or not prohibited by this Agreement or the other Loan Documents (including, without limitation, the fact that a Real Estate Asset may cease to be a Borrowing Base Property pursuant to the terms of this Agreement) and changes occurring in the ordinary course of business, (ii) to the extent that such representations and warranties relate expressly to an earlier date and (iii) to the extent otherwise represented by the Borrower with respect to the representation set forth in Section 7.10). The notice referred to in the first sentence of this Section 2.11 shall constitute and shall be deemed to be a certification by the Borrower as to the truth and accuracy of the statements contained in clause (ii) of the preceding sentence.

Section 3. LETTERS OF CREDIT.

Section 3.1. LETTER OF CREDIT COMMITMENTS.

Section 3.1.1. COMMITMENT TO ISSUE LETTERS OF CREDIT. Subject to the terms and conditions hereof and the execution and delivery by the Borrower of a letter of credit application on the Fronting Bank's customary form as part of a Completed Loan Request (a "Letter of Credit Application"), the Fronting Bank on behalf of the Banks and in reliance upon the agreement of the Banks set forth in Section 3.1.4 and upon the representations and warranties of the Borrower contained herein, agrees, in its individual capacity, to issue, extend and renew for the account of the Borrower one or more letters of credit (individually, a "Letter of Credit"), in such form as may be requested from time to time by the Borrower and reasonably agreed to by the Fronting Bank; PROVIDED, HOWEVER, that, after giving effect to such Completed Loan Request, (a) the

Maximum Drawing Amount plus all Reimbursement Obligations (to the extent, if any, not yet deemed a Revolving Credit Loan pursuant to Section 3.3), shall not exceed $100,000,000 at any one time and (b) the sum of (i) the Maximum Drawing Amount and, without double counting, all Reimbursement Obligations (to the extent, if any, not yet deemed a Revolving Credit Loan pursuant to Section 3.3) and (ii) the amount of all Loans (including Swingline Loans and Bid Rate Loans) outstanding shall not exceed the lesser of (x) the Total Commitment in effect at such time and (y) the Borrowing Base Availability at such time.

Section 3.1.2. LETTER OF CREDIT APPLICATIONS. Each Letter of Credit Application shall be completed to the reasonable satisfaction of the Agent and the Fronting Bank. In

the event that any provision of any Letter of Credit Application shall be inconsistent with any provision of this Agreement (including provisions applicable to a Completed Loan Request) or shall impose additional financial or other material obligations (other than technical, administrative and ministerial obligations, whether relating to the mechanics of a draw under a Letter of Credit or otherwise), then the provisions of this Agreement shall, to the extent of any such inconsistency or additional material obligation, govern.

Section 3.1.3. TERMS OF LETTERS OF CREDIT. Each Letter of Credit issued, extended or renewed hereunder shall, among other things, (i) provide for the payment of sight drafts for honor thereunder when presented in accordance with the terms thereof and when accompanied by the documents described therein, and (ii) have an expiry date no later than the date which is fourteen (14) days prior to the Maturity Date. Each Letter of Credit so issued, extended or renewed shall be subject to the Uniform Customs.

Section 3.1.4. OBLIGATIONS OF BANKS WITH RESPECT TO LETTERS OF CREDIT. Each Bank severally agrees that it shall be absolutely liable, without regard to the occurrence of any Default or Event of Default or any other condition precedent whatsoever, to the extent of such Bank's Commitment Percentage, to reimburse the Fronting Bank on demand pursuant to Section 3.3 for the amount of each draft paid by the Fronting Bank under each Letter of Credit to the extent that such amount is not reimbursed by the Borrower pursuant to Section 3.2 (such agreement for a Bank being called herein the "Letter of Credit Participation" of such Bank). Each such payment made by a Bank shall be treated as a purchase by such Bank of a participation in the Fronting Bank's interest in such Letter of Credit and each Bank shall share, in accordance with its respective Commitment Percentage, in any interest which accrues and is payable by the Borrower pursuant to Section 3.2 or otherwise in connection with such Letter of Credit.

Section 3.1.5. FRONTING BANK. Notwithstanding the definition of Fronting Bank, in the event that the Borrower reasonably determines that it would be beneficial to have a Letter of Credit issued by a Bank with a higher rating than Fleet has at any applicable time of reference (as determined by Moody's or S&P), or for any other reason acceptable to the Agent, the Borrower shall have the right to elect any Bank having a higher rating than Fleet (or such other applicable Bank) as the Fronting Bank for that particular Letter of Credit, PROVIDED that no Bank other than Fleet shall be required to be a Fronting Bank.

Section 3.2. REIMBURSEMENT OBLIGATION OF THE BORROWER. In order to induce the Fronting Bank to issue, extend and renew each Letter of Credit and the Banks to participate therein, the Borrower hereby agrees, except as contemplated in Section 3.3, to reimburse or pay to the Fronting Bank, for the account of the Fronting Bank or (as the case may be) the Banks, with respect to each Letter of Credit issued, extended or renewed by the Fronting Bank hereunder,

(a) except as otherwise expressly provided in Section 3.2(b) and (c) or Section 3.3, promptly upon notification by the Fronting Bank or the Agent that any draft presented

under such Letter of Credit is honored by the Fronting Bank, or the Fronting Bank otherwise makes a payment with respect thereto, (i) the amount paid by the Fronting Bank under or with respect to such Letter of Credit, and (ii) any amounts payable pursuant to Section 5.5 under, or with respect to, such Letter of Credit,

(b) upon the reduction (but not termination) of the Total Commitment to an amount less than the then Maximum Drawing Amount (after taking into account all outstanding Loans and Reimbursement Obligations, if any (without double counting)), an amount equal to such difference, which amount shall be held by the Agent in an interest-bearing account (with interest to be

added to such account) as cash collateral for the benefit of the Banks and the Agent for all Reimbursement Obligations, and

(c) upon the termination of the Total Commitment, or the acceleration of the Reimbursement Obligations with respect to all Letters of Credit in accordance with Section 14, an amount equal to the then Maximum Drawing Amount on all Letters of Credit, which amount shall be held by the Agent in an interest-bearing account (with interest to be added to such account) as cash collateral for the benefit of the Banks and the Agent for all Reimbursement Obligations.

Each such payment shall be made to the Agent for the benefit of the Banks at the Agent's Head Office in immediately available funds. Interest on any and all amounts not converted to a Revolving Credit Loan pursuant to Section 3.3 and remaining unpaid by the Borrower under this Section 3.2 at any time from the date such amounts become due and payable (whether as stated in this Section 3.2, by acceleration or otherwise) until payment in full (whether before or after judgment) shall be payable to the Agent for the benefit of the Banks on demand at the rate specified in Section 5.9 for overdue principal on the Loans.

Section 3.3. LETTER OF CREDIT PAYMENTS; FUNDING OF A LOAN. If any draft shall be presented or other demand for payment shall be made under any Letter of Credit, the Fronting Bank will use its best efforts to notify the Borrower and the Banks, on or before the date the Fronting Bank intends to honor such drawing, of the date and amount of the draft presented or demand for payment and of the date and time when it expects to pay such draft or honor such demand for payment and, except to the extent the amount of such draft becomes a Revolving Credit Loan as set forth in this Section 3.3, Borrower shall reimburse Agent, as set forth in Section 3.2. Notwithstanding anything contained in Section 3.2 or this Section 3.3 to the contrary, however, unless Borrower shall have notified the Agent and Fronting Bank prior to 11:00 a.m. (New York time) on the Business Day immediately prior to the date of such drawing that Borrower intends to reimburse Fronting Bank for the amount of such drawing with funds other than the proceeds of Revolving Credit Loans, Borrower shall be deemed to have timely given a Completed Loan Request pursuant to Section 2.4 to Agent, requesting a Prime Rate Loan on the date on which such drawing is honored and in an amount equal to the amount of such drawing. The Borrower may thereafter convert any such Prime Rate Loan to a Revolving Credit Loan of another Type in accordance with Section 2.5. Each Bank shall, in accordance with Section 2.6, make available such Bank's

Commitment Percentage of such Revolving Credit Loan to Agent, the proceeds of which shall be applied directly by Agent to reimburse Fronting Bank for the amount of such draw. In the event that any Bank fails to make available to Agent the amount of such Bank's Commitment Percentage of such Revolving Credit Loan on the date of any drawing, Agent shall be entitled to recover such amount on demand from such Bank plus any additional amounts payable under Section 2.6(b) in the event of a late funding by a Bank. The Fronting Bank is irrevocably authorized by the Borrower and each of the Banks to honor draws on each Letter of Credit by the beneficiary thereof in accordance with the terms of such Letter of Credit. The responsibility of the Agent to the Borrower and the Banks shall be only to determine that the documents (including each draft) delivered under each Letter of Credit in connection with such presentment shall be in conformity in all material respects with such Letter of Credit.

Section 3.4. OBLIGATIONS ABSOLUTE. The Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of the occurrence of any Default or Event of Default or any condition precedent whatsoever or any setoff, counterclaim or defense to payment which the Borrower may have or have had against the Agent, any Bank or any beneficiary of a Letter of Credit. The Borrower further agrees with the Agent and the Banks that the Agent and the Banks shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 3.2 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon (so long as the documents delivered under each Letter of Credit in connection with such presentment shall be in the form required by, and in conformity in all material respects with, such Letter of Credit), even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, the beneficiary of any Letter of Credit or any financing institution or other party to whom any Letter of Credit may be transferred, or any claims or defenses whatsoever of the Borrower against the beneficiary of any Letter of Credit or any such transferee. The Agent and the Banks shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Borrower agrees that any action taken or omitted by the Agent or any Bank under or in connection with each Letter of Credit and the related drafts and documents, if done in good faith and absent gross negligence, shall be binding upon the Borrower and shall not result in any liability on the part of the Agent

or any Bank to the Borrower.

Section 3.5. RELIANCE BY ISSUER. To the extent not inconsistent with Section 3.4, the Agent and any Fronting Bank shall be entitled to rely, and shall be fully protected in relying upon, any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel, independent accountants and other experts selected by the Agent. The Agent and any Fronting Bank shall be fully justified in failing or refusing to take any action under this Section 3

(other than the issuance of a Letter of Credit pursuant to a Letter of Credit Application and otherwise in accordance with the terms of this Agreement) unless it shall first have received such advice or concurrence of the Majority Banks (or such other number or percentage of the Banks as may be required by this Agreement) as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent and any Fronting Bank shall in all cases be fully protected by the Banks in acting, or in refraining from acting, under this Section 3 in accordance with a request of the Majority Banks(or such other number or percentage of the Banks as may be required by this Agreement), and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and all future holders of the Notes or of a Letter of Credit Participation.

Section 3.6. LETTER OF CREDIT FEE. The Borrower shall pay to the Agent a fee (in each case, a "Letter of Credit Fee") in an amount equal to the Applicable L/C Percentage of the undrawn amount of each outstanding Letter of Credit, which fee (a) shall be payable quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter, with a final payment on the Maturity Date or any earlier date on which the Commitments shall terminate (which Letter of Credit Fee shall be pro-rated for any calendar quarter in which such Letter of Credit is issued, drawn upon or otherwise reduced or terminated) and (b) shall be for the accounts of the Banks as follows: (i) an amount equal to 0.125% per annum of the Letter of Credit Fee shall be for the account of the Fronting Bank and (ii) the remainder of the Letter of Credit Fee shall be for the accounts of the Banks (including the Fronting Bank) PRO RATA in accordance with their respective Commitment Percentages.

Section 4. REPAYMENT OF THE LOANS.

Section 4.1. MATURITY. In addition to, and without limiting, the provisions of Section 2.8(b) and Section 2.9(f), the Borrower promises to pay on the Maturity Date, and there shall become absolutely due and payable on the Maturity Date, all unpaid principal of the Revolving Credit Loans and each other Loan, if any, outstanding on such date, together with any and all accrued and unpaid interest thereon, the unpaid balance of the Facility Fee accrued through such date, and any and all other unpaid amounts due under this Agreement, the Notes or any other of the Loan Documents.

Section 4.2. OPTIONAL REPAYMENTS OF REVOLVING CREDIT LOANS. The Borrower shall have the right, at its election, to prepay the outstanding amount of the Revolving Credit Loans, in whole or in part, at any time without penalty or premium; PROVIDED that the outstanding amount of any Eurodollar Rate Loans may not be prepaid unless the Borrower pays the Eurodollar Breakage Costs for each Eurodollar Rate Loan so prepaid at the time of such prepayment. The Borrower shall give the Agent (with copies to the Agent for each Bank), no later than 10:00 a.m., Boston, Massachusetts time, at least two (2) Business Days' prior written notice of any prepayment pursuant to this Section 4.2 of any

Prime Rate Loans, and at least four (4) Eurodollar Business Days' notice of any proposed prepayment pursuant to this Section 4.2 of Eurodollar Rate Loans, specifying the proposed date of prepayment of Revolving Credit Loans and the principal amount to be prepaid. Each such partial prepayment of the Loans shall be in an amount equal to $500,000 or an integral multiple of $100,000 in excess thereof or, if less, the outstanding balance of the Revolving Credit Loans then being repaid, shall be accompanied by the payment of all charges, if any, outstanding on all Revolving Credit Loans so prepaid and of all accrued interest on the principal prepaid to the date of payment, and shall be applied, in the absence of instruction by the Borrower, first to the principal of Prime Rate Loans and then to the principal of Eurodollar Rate Loans.

Section 4.3 MANDATORY REPAYMENT OF LOANS. If at any time the sum of the outstanding amount of the Loans, PLUS the Maximum Drawing Amount, PLUS without double-counting any Revolving Credit Loans, the outstanding Reimbursement Obligations, if any, exceeds the lesser of (i) the Total Commitment at such time, or (ii) the Borrowing Base Availability at such time, the Borrower shall, within fifteen (15) days after receiving notice of such excess from the Agent (i) pay to the Agent an amount in cash necessary to eliminate such excess, such amount to be applied, in the absence of instruction by the Borrower, (x) first to the repayment of Swingline Loans, second to the repayment of Revolving Credit Loans and third to the repayment of Bid Rate Loans and (y) with respect to any such payments of Revolving Credit Loans, first to the principal of Prime Rate Loans and then to the principal of Eurodollar Rate Loans, or (ii) add one (1) or more Real Estate Assets to the Borrowing Base which have Borrowing Base Values, in the aggregate, sufficient to eliminate such excess.

Section 5. CERTAIN GENERAL PROVISIONS.

Section 5.1. FUNDS FOR PAYMENTS.

(a) All payments of principal, interest, fees, and any other amounts due hereunder or under any of the other Loan Documents shall be made to the Agent, for the respective accounts of the Banks or (as the case may be) the Agent, at the Agent's Head Office, in each case in Dollars and in immediately available funds. The Borrower shall make each payment of principal of and interest on the Loans and of fees hereunder and Reimbursement Obligations which are not converted to a Loan hereunder not later than 1:00 p.m. (Boston, Massachusetts time) on the due date thereof.

(b) All payments by the Borrower hereunder and under any of the other Loan Documents shall be made without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory liens, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Borrower is compelled by law to make such deduction or withholding. If the Borrower is compelled by law to make any such deduction or

withholding with respect to any amount payable by it hereunder or under any of the other Loan Documents (except with respect to taxes on the income or profits of the Agent or any Bank), the Borrower shall pay to the Agent, for the account of the Banks or (as the case may be) the Agent, on the date on which such amount is due and payable hereunder or under such other Loan Document, such additional amount in Dollars as shall be necessary to enable the Banks to receive the same net amount which the Banks would have received on such due date had no such obligation been imposed upon the Borrower. The Borrower will deliver promptly to the Agent (with copies to the Agent for each Bank) certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Borrower hereunder or under such other Loan Document.

Section 5.2. COMPUTATIONS. All computations of interest on the Loans and of other fees to the extent applicable shall be based on a 360-day year and paid for the actual number of days elapsed. Except as otherwise provided in the definition of the term "Interest Period" with respect to Eurodollar Rate Loans, whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest shall accrue during such extension. The outstanding amount of the Loans as reflected on the Note Records or record attached to any other Note from time to time shall constitute prima facie evidence of the principal amount thereof.

Section 5.3. INABILITY TO DETERMINE EURODOLLAR RATE. In the event, prior to the commencement of any Interest Period relating to any Eurodollar Rate Loan, the Agent shall reasonably and in good faith determine that adequate and reasonable methods do not exist for ascertaining the Eurodollar Rate that would otherwise determine the rate of interest to be applicable to any Eurodollar Rate Loan during any Interest Period, the Agent shall forthwith give notice of such determination (which shall be conclusive and binding on the Borrower) to the Borrower and the Banks. In such event (a) any Loan Request with respect to Eurodollar Rate Loans shall be automatically withdrawn and shall be deemed a request for Prime Rate Loans, (b) each Eurodollar Rate Loan will automatically, on the last day of the then current Interest Period applicable thereto, become a Prime Rate Loan, and (c) the obligations of the Banks to make Eurodollar Rate Loans shall be suspended, in each case unless and until the Agent reasonably and in good faith determines that the circumstances giving rise to such suspension no longer exist, whereupon the Agent shall so notify the Borrower and the Banks.

Section 5.4. ILLEGALITY. Notwithstanding any other provisions herein, if any present or future law, regulation, treaty or directive or in the interpretation or application thereof shall make it unlawful for any Bank to

make or maintain Eurodollar Rate Loans, such Bank shall forthwith give notice of such circumstances to the Borrower and thereupon (a) the Commitment of such Bank to make Eurodollar Rate Loans or convert Prime Rate Loans to Eurodollar Rate Loans shall forthwith be suspended and (b) such Bank's Commitment Percentage of Eurodollar Rate Loans then outstanding shall be converted

automatically to Prime Rate Loans on the last day of each Interest Period applicable to such Eurodollar Rate Loans or within such earlier period as may be required by law, all until such time as it is no longer unlawful for such Bank to make or maintain Eurodollar Rate Loans. Subject to the limitations set forth in Section 5.7, the Borrower hereby agrees promptly to pay the Agent for the account of such Bank, upon demand, any additional amounts necessary to compensate such Bank for any costs incurred by such Bank in making any conversion required by this Section 5.4 prior to the last day of an Interest Period with respect to a Eurodollar Rate Loan, including any interest or fees payable by such Bank to lenders of funds obtained by it in order to make or maintain its Eurodollar Rate Loans hereunder.

Section 5.5. ADDITIONAL COSTS, ETC. If any present or future applicable law, which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to any Bank or the Agent by any central bank or other fiscal, monetary or other authority (whether or not having the force of law, but if not having the force of law, then generally applied by the Banks or the Agent with respect to similar loans), shall:

(a) subject any Bank or the Agent to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to this Agreement, the other Loan Documents, any Letters of Credit, such Bank's Commitment or the Loans (other than taxes based upon or measured by the income or profits of such Bank or the Agent), or

(b) materially change the basis of taxation (except for changes in taxes on income or profits) of payments to any Bank of the principal of or the interest on any Loans or any other amounts payable to the Agent or any Bank under this Agreement or the other Loan Documents, or

(c) impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or letters of credit issued by, or commitments of an office of any Bank, or

(d) impose on any Bank or the Agent any other conditions or requirements with respect to this Agreement, the other Loan Documents, any Letters of Credit, the Loans, such Bank's Commitment, or any class of loans, letters of credit or commitments of which any of the Loans or such Bank's Commitment forms a part;

and the result of any of the foregoing is

(i) to increase the cost to any Bank of making, funding, issuing, renewing, extending or maintaining any of the Loans or such Bank's Commitment or any Letter of Credit, or

(ii) to reduce the amount of principal, interest, Reimbursement Obligation or other amount payable to such Bank or the Agent hereunder on account of such Bank's Commitment, any Letter of Credit or any of the Loans, or

(iii) to require such Bank or the Agent to make any payment or to forego any interest or Reimbursement Obligation or other sum payable hereunder, the amount of which payment or foregone interest or Reimbursement Obligation or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by such Bank or the Agent from the Borrower hereunder,

then, and in each such case, the Borrower will, within thirty (30) days after notice by the Agent or such Bank (such notice to be given promptly by the Agent or such Bank upon the making of any such determination), at any time and from

time to time and as often as the occasion therefor may arise, but subject to the limitations set forth in Section 5.7, pay to such Bank or the Agent such additional amounts as such Bank or the Agent shall determine in good faith to be sufficient to compensate such Bank or the Agent for such additional cost, reduction, payment or foregone interest or other sum, PROVIDED that such Bank or the Agent is generally imposing similar charges on its other similarly situated borrowers.

Section 5.6. CAPITAL ADEQUACY. If any future law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law, but if not having the force of law, then generally applied by the Banks with respect to similar loans) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction affects the amount of capital required or expected to be maintained by banks or bank holding companies and any Bank or the Agent determines that the amount of capital required to be maintained by it is increased by or based upon the existence of Loans made or deemed to be made pursuant hereto, then such Bank or the Agent may notify the Borrower of such fact, and the Borrower shall pay to such Bank or the Agent from time to time, within thirty (30) days after notice by the Agent or such Bank (such notice to be given promptly by the Agent or such Bank upon the making of any such determination), as an additional fee payable hereunder, but subject to the limitations set forth in Section 5.7, such amount as such Bank or the Agent shall determine reasonably and in good faith and certify in a notice to the Borrower to. be an amount that will adequately compensate such Bank in light of these circumstances for its increased costs of maintaining such capital. Each Bank and the Agent shall allocate such cost increases among its customers in good faith and on an equitable basis, and will not charge the Borrower unless it is generally imposing a similar charge on its other similarly situated borrowers.

Section 5.7. CERTIFICATE; LIMITATIONS. A certificate setting forth any additional amounts payable pursuant to Section Section 5.5 or 5.6 and a brief explanation of such amounts which are due, including reasonably detailed information regarding the method and calculation of such amount, submitted by any Bank or the Agent to the Borrower, shall be PRIMA FACIE evidence that such amounts are due and owing. Notwithstanding anything to the contrary contained in this Article 5, (i) to the extent reasonably possible, each Bank shall designate an alternate lending office in the continental United States to make the Loans in order to reduce any liability of Borrower to such Bank under Section Section 5.4, 5.5 or 5.6 or to avoid the unavailability of a Eurodollar Rate Loan, so long as such designation is not disadvantageous to such Bank, and (ii) the Borrower shall not be obligated to compensate any Bank pursuant to Section Section 5.4, 5.5 or 5.6 for any amounts attributable to any period which is more than one (1) year prior to the date of delivery of the certificate set forth in the first sentence of this Section 5.7.

Section 5.8. INDEMNITY. In addition to the other provisions of this Agreement regarding such matters, the Borrower agrees to indemnify the Agent and each Bank and to hold the Agent and each Bank harmless from and against any loss, cost or expense (including loss of the spread to which such Bank would have been entitled through the end of the applicable Interest Period in excess of the applicable interest rate(s) then in effect) that the Agent or such Bank may sustain or incur as a consequence of (a) a default by the Borrower in the payment of any principal amount of or any interest on any Eurodollar Rate Loans as and when due and payable, including any such loss or expense arising from interest or fees payable by the Agent or such Bank to lenders of funds obtained by it in order to maintain its Eurodollar Rate Loans, (b) the failure by the Borrower to make a borrowing or conversion after the Borrower has given a Completed Loan Request for a Eurodollar Rate Loan or a Conversion Request for a Eurodollar Rate Loan, and (c) the making of any payment of a Eurodollar Rate Loan or the making of any conversion of any such Loan to a Prime Rate Loan on a day that is not the last day of the applicable Interest Period with respect thereto, including interest or fees payable by the Agent or a Bank to lenders of funds obtained by it in order to maintain any such Eurodollar Rate Loans; PROVIDED, HOWEVER, that the Borrower shall not be required to so indemnify any Bank pursuant to clause (b) above during and for any period of time when such Bank has wrongfully failed or refused to fund its proportionate share of a Loan in accordance with the terms of this Agreement and is a Delinquent Bank.

Section 5.9. INTEREST ON OVERDUE AMOUNTS. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable hereunder or under any of the other Loan Documents shall bear interest payable on demand at a rate per annum equal to three percent (3%) PLUS the Prime Rate until such amount shall be paid in full (after as well as before judgment). In addition, the Borrower shall pay a late charge equal to three percent (3%) of any amount of interest charges on the Loans which is not paid within ten (10) days of the date when due.

Section 6. RECOURSE OBLIGATIONS. The Obligations are full recourse obligations of the Borrower, and all of the respective assets and properties of the Borrower shall be available for the payment in full in cash and performance of the Obligations. In no event shall BPI have any personal liability hereunder or under any of the other Loan Documents, either individually or as general partner of BPLP or any other Borrower, by application of applicable law or otherwise, except to the extent BPI misappropriates funds, rents or insurance proceeds or engages in gross negligence, willful misconduct or fraud.

Section 7. REPRESENTATIONS AND WARRANTIES. The Borrower for itself and for BPI insofar as any such statements relate to BPI represents and warrants to the Banks all of the statements contained in this Section 7.

Section 7.1. AUTHORITY, ETC.

(a) ORGANIZATION: GOOD STANDING.

(i) The Borrower is a limited partnership, general partnership, nominee trust or limited liability company, as the case may be, duly organized, validly existing and in good standing under the laws of its state of organization, unless the failure to be so does not relate to BPLP or BPI and is a Non-Material Breach; the Borrower has all requisite limited partnership, general partnership, trust, limited liability company or corporate, as the case may be, power to own its respective properties and conduct its respective business as now conducted and as presently contemplated, unless any such failure to have any of the foregoing does not relate to BPLP or BPI and is a Non-Material Breach; and the Borrower is in good standing as a foreign entity and is duly authorized to do business in the jurisdictions where the Borrowing Base Properties owned or ground-leased by it are located and in each other jurisdiction where such qualification is necessary except where a failure to be so qualified in such other jurisdiction would not have a materially adverse effect on any of their respective businesses, assets or financial conditions.

(ii) BPI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; each Subsidiary of BPI is duly organized, validly existing and in good standing as a corporation, nominee trust, limited liability company, limited partnership or general partnership, as the case may be, under the laws of the state of its organization, unless the failure to be so does not relate to BPLP and is a Non-Material Breach; BPI and each of its Subsidiaries has all requisite corporate, trust,

limited liability company, limited partnership or general partnership, as the case may be, power to own its respective properties and conduct its respective business as now conducted and as presently contemplated, unless any such failure to have any of the foregoing does not relate to BPLP or BPI and is a Non-Material Breach; and BPI is in good standing as a foreign entity and is duly authorized to do business in the jurisdictions where such qualification is necessary (including in the Commonwealth of Massachusetts) except where a failure to be so qualified in such other would not have a materially adverse effect on the business, assets or financial condition of BPI.

(b) CAPITALIZATION. The outstanding equity of BPLP is comprised of a general partner interest and limited partner interests, all of which have been duly issued and are outstanding and fully paid and non-assessable. All of the issued and outstanding general partner interests of the BPLP are owned and held of record by BPI. There are no outstanding securities or agreements exchangeable for or convertible into or carrying any rights to acquire a general partner interest in BPLP. There are no outstanding commitments, options, warrants, calls or other agreements (whether written or oral) binding on BPLP or BPI which require or could require BPLP or BPI to sell, grant, transfer, assign, mortgage, pledge or otherwise dispose of any general partner interest in BPLP. Except as set forth in the Agreement of Limited Partnership of BPLP, no general partner interests of BPLP are subject to any

restrictions on transfer or any partner agreements, voting agreements, trust deeds, irrevocable proxies; or any other similar agreements or interests (whether written or oral). For so long as any Borrower which is a Wholly-owned Subsidiary is a Borrower, BPLP owns, directly or indirectly, at least a majority (by number of votes or controlling interests) of the outstanding voting interests and at least 99% of the economic interests in each of the Borrowers other than BPLP. All of the Preferred Creditor Equity which exists as of the date of this Agreement, and each of the agreements or other documents entered into and/or setting forth the terms, rights and restrictions applicable to any such Preferred Creditor Equity, are listed and described on SCHEDULE 7.1(B) attached hereto. All of the agreements and other documents relating to the Preferred Equity in effect on the Closing Date have been furnished to the Agent.

(c) DUE AUTHORIZATION. The execution, delivery and performance of this Agreement and the other Loan Documents to which the Borrower or BPI is or is to become a party and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower and BPI, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower or BPI and any general partner thereof, (iii) do not materially conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower or BPI is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or BPI, unless any such conflict, breach or contravention does not relate to BPLP or BPI and is a Non-Material Breach, (iv) do not conflict with any provision of the agreement of limited

partnership, any certificate of limited partnership, the charter documents or by-laws of the Borrower or BPI or any general partner thereof, and (v) do not contravene any provisions of, or constitute Default or Event of Default hereunder or a failure to comply with any term, condition or provision of, any other agreement, instrument, judgment, order, decree, permit, license or undertaking binding upon or applicable to the Borrower or BPI or any of the Borrower's or BPI's properties (except for any such failure to comply under any such other agreement, instrument, judgment, order, decree, permit, license, or undertaking as would not materially and adversely affect the condition (financial or otherwise), properties, business or results of operations of BPLP, BPI or, taken as a whole, the BP Group) or result in the creation of any mortgage, pledge, security interest, lien, encumbrance or charge upon any of the properties or assets of the Borrower or BPI.

(d) ENFORCEABILITY. Each of the Loan Documents to which the Borrower or BPI is a party has been duly executed and delivered and constitutes the legal, valid and binding obligations of the Borrower and BPI, as the case may be, subject only to applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and to the fact that the availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

Section 7.2. GOVERNMENTAL APPROVALS. The execution, delivery and performance by the Borrower of this Agreement and by the Borrower and BPI of the other Loan Documents to which the Borrower or BPI is or is to become a party and the transactions contemplated hereby and thereby do not require (i) the approval or consent of any governmental agency or authority other than those already obtained or those which would not have a material adverse effect on BPLP, BPI or, taken as a whole, the BP Group, or (ii) filing with any governmental agency or authority, other than filings which will be made with the SEC when and as required by law or deemed appropriate by BPI.

Section 7.3. TITLE TO PROPERTIES; LEASES.

The Borrower and BPI each has good fee or leasehold title to all of its respective properties, assets and rights of every name and nature purported to be owned by it, including, without limitation, that:

(a) As of the Closing Date (with respect to Borrowing Base Properties designated as such on the Closing Date) or the date of designation as a Borrowing Base Properties (with respect to Borrowing Base Properties acquired and/or designated as such after the Closing Date), and in each case to the best of its knowledge thereafter (but only for so long as such Real Estate Assets continue to be Borrowing Base Properties), the Borrower holds good and clear record and marketable fee simple or leasehold title to (or an undivided condominium interest in) the Borrowing Base Properties, subject to no Liens, except for Permitted Liens and, in the case of any ground-leased Borrowing Base Property, the terms of such ground lease, as the same may then or thereafter be amended

from time to time in a manner consistent with the minimum term for ground leases set forth in the definition of "Real Estate Assets" in Section 1.1 above.

(b) The Borrower and BPI will, as of the Closing Date, own all of the assets as reflected in the financial statements of the Borrower and BPI described in Section 7.4, the Registration Statement, the Prospectus, the preliminary Prospectus and any so-called follow-on prospectus or acquired since the date of such financial statements (except property and assets sold or otherwise disposed of in the ordinary course of business since that date).

Section 7.4. FINANCIAL STATEMENTS. The following financial statements have been furnished to each of the Banks:

The consolidated balance sheet of BPI and its Subsidiaries as of December 31, 2001 (together with the unaudited consolidated balance sheet of BPI and its Subsidiaries as of September 30, 2002), and their related consolidated statements of income, changes in shareholders' equity and cash flows for the fiscal year or other period then ended, as applicable, and setting forth in comparative form the figures as of the end of and for the previous fiscal year or other period, as applicable, prepared in accordance with GAAP and, with respect to the December 31, 2001 statements, accompanied by an auditor's report prepared without qualification by the Accountants (collectively, the "Initial Financial Statements"). The Initial Financial Statements fairly present the financial condition of BPI and its Subsidiaries as at the close of business on the date thereof and the results of operations for the fiscal year or other period then ended, as applicable. There are no contingent liabilities of BPI or any of its Subsidiaries as of such date involving material amounts, known to the officers of BPI or any of its Subsidiaries not disclosed in said Initial Financial Statements.

Section 7.5 NO MATERIAL CHANGES, ETC. Since the Financial Statement Date, there has occurred no materially adverse change in the financial condition or business of BPLP, BPI or, taken as a whole, the BP Group, other than changes in the ordinary course of business that have not had any materially adverse effect either individually or in the aggregate on the business or financial condition of BPLP, BPI or, taken as a whole, the BP Group. Between the Financial Statement Date and the Closing Date, there has been no material adverse change to the Net Operating Income of any Real Estate Asset that is a Borrowing Base property on the Closing Date.

Section 7.6. FRANCHISES, PATENTS, COPYRIGHTS, ETC. Except to the extent the failure or breach of such representation or warranty constitutes a Non-Material Breach, the Borrower, BPI and each of their respective Subsidiaries possess all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of their respective businesses substantially as now conducted without known conflict with any rights of others, including all material Permits.

Section 7.7 LITIGATION. Except as stated on SCHEDULE 7.7, there are no actions, suits, proceedings or investigations of any kind pending or, to the Borrower's knowledge, threatened against the Borrower, BPI or any of their respective Subsidiaries before any court, tribunal or administrative agency or board that, if adversely determined, might, either individually or in the aggregate, materially adversely affect the properties, assets, financial condition or business of BPLP, BPI or, taken as a whole, the BP Group, or materially impair the right of BPLP, BPI or, taken as a whole, the BP Group, to carry on their respective businesses substantially as now conducted by them, or result in any substantial liability not adequately covered by insurance, or for which adequate reserves are not maintained, as reflected in the applicable consolidated financial statements or SEC Filings of the Borrower and BPI, or which question the validity of this Agreement or any of the other Loan Documents, or any action taken or to be taken pursuant hereto or thereto.

Section 7.8. NO MATERIALLY ADVERSE CONTRACTS, ETC. Neither the Borrower, BPI nor any of their respective Subsidiaries is subject to any charter, corporate, partnership or other legal restriction, or any judgment, decree, order, rule or regulation that has or is reasonably expected in the future to have (and with respect solely to any restriction on the timing of any sale or refinancing of a Real Estate Asset which would be an acceptable Lien under the definition of "Unencumbered Asset" contained in an Organizational Document, such expectation existed at the time such restriction was imposed) a materially adverse effect on the respective businesses, assets or financial conditions of BPLP, BPI or, taken as a whole, the BP Group. None of the Borrower, BPI or any of their respective Subsidiaries is a party to any contract or agreement that has or is expected, in the judgment of their respective officers, to have any materially adverse effect on the respective businesses of the BPLP, BPI or, taken as a whole, the BP Group.

Section 7.9. COMPLIANCE WITH OTHER INSTRUMENTS, LAWS, ETC. Neither the Borrower, BPI nor any of their respective Subsidiaries is in violation of any provision of its partnership agreement or charter, as the case may be, or any respective agreement or instrument to which it may be subject or by which it or any of its properties may be bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could result, individually or in the aggregate, in the imposition of substantial penalties or materially and adversely affect the financial condition, properties or businesses of the BPLP, BPI or, taken as a whole, the BP Group.

Section 7.10. TAX STATUS. (i) Each of the Borrower, BPI and their respective Subsidiaries (a) has made or filed all federal, state and local income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (b) has paid all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings, and (c) has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such

returns, reports or declarations apply, and (ii) there are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the respective officers of the Borrower and BPI and their respective Subsidiaries know of no basis for any such claim.

Section 7.11 NO EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.

Section 7.12. INVESTMENT COMPANY ACTS. None of the Borrower, BPI or any of their respective Subsidiaries is an "investment company", or an "affiliated company" or a "principal underwriter" of an "investment company", as such terms are defined in the Investment Company Act of 1940.

Section 7.13. ABSENCE OF UCC FINANCING STATEMENTS, ETC. Except for Permitted Liens and except to the extent the failure or breach of such representation and warranty constitutes a Non-Material Breach, there is no financing statement, security agreement, chattel mortgage, real estate mortgage, equipment lease, financing lease, option, encumbrance or other document filed or recorded with any filing records, registry, or other public office, that purports to cover, affect or give notice of any present or possible future lien or encumbrance on, or security interest in, any Borrowing Base Property. Neither the Borrower nor BPI has pledged or granted any lien on or security interest in or otherwise encumbered or transferred any of their respective interests in any Subsidiary who is a Borrower (including in the case of BPI, its interests in BPLP), unless such pledge, lien or security interest relates only to a Borrower other than BPLP and is a Non-Material Breach.

Section 7.14. ABSENCE OF LIENS. The Borrower is the owner of or the holder of a ground leasehold interest in the Borrowing Base Properties free from any Lien, except for Permitted Liens.

Section 7.15. CERTAIN TRANSACTIONS. [Intentionally Omitted.]

Section 7.16. EMPLOYEE BENEFIT PLANS; MULTIEMPLOYER PLANS; GUARANTEED PENSION PLANS. Except as disclosed in the SEC Filings or on SCHEDULE 7.16, none of the Borrower, BPI nor any ERISA Affiliate maintains or contributes to any Employee Benefit Plan, Multiemployer Plan or Guaranteed Pension Plan.

Section 7.17. REGULATIONS U AND X. No portion of any Loan is to be used, and no portion of any Letter of Credit is to be obtained, for the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

Section 7.18. ENVIRONMENTAL COMPLIANCE. The Borrower has caused Phase I and other environmental assessments (collectively, the "Environmental Reports") to be conducted

and/or taken other steps to investigate the past and present environmental condition and usage of the Real Estate Assets. Based upon such Environmental Reports, to the Borrower's knowledge, except as identified in such Environmental Reports, the Borrower makes the following representations and warranties:

(a) None of the Borrower, its Subsidiaries, BPI or any operator of the Real Estate Assets or any portion thereof, or any operations thereon is in material violation, or alleged material violation, of any

judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including without limitation, those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment (hereinafter "Environmental Laws"), which violation or alleged violation has, or its remediation would have, by itself or when aggregated with all such other violations or alleged violations, a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or constitutes a Disqualifying Environmental Event with respect to any of the Borrowing Base Properties.

(b) None of the Borrower, BPI or any of their respective Subsidiaries has received written notice from any third party, including, without limitation, any federal, state or local governmental authority, (i) that it has been identified by the United States Environmental Protection Agency ("EPA) as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B (1986), (ii) that any hazardous waste, as defined by 42 U.S.C. Section 9601(5), any hazardous substances as defined by 42 U.S.C. Section 9601(14), any pollutant or contaminant as defined by 42 U.S.C. Section 9601(33) or any toxic substances, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") which it has generated, transported or disposed of have been found at any site at which a federal, state or local agency or other third party has conducted or has ordered that the Borrower, BPI or any of their respective Subsidiaries conduct a remedial investigation, removal or other response action pursuant to any Environmental Law, or (iii) that it is or shall be a named party to any claim, action, cause of action, complaint, or legal or administrative proceeding (in each case, contingent or otherwise) arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the release of Hazardous Substances, which event described in any such notice would have a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or constitutes a Disqualifying Environmental Event with respect to any of the Borrowing Base Properties.

(c) (i) No portion of the Real Estate Assets has been used for the handling, processing, storage or disposal of Hazardous Substances except in material

accordance with applicable Environmental Laws; and no underground tank or other underground storage receptacle for Hazardous Substances is located on any portion of any Real Estate Assets except in material accordance with applicable Environmental Laws, (ii) in the course of any activities conducted by the Borrower, BPI, their respective Subsidiaries or the operators of their respective properties or any ground or space tenants on any Real Estate Asset, no Hazardous Substances have been generated or are being used on such Real Estate Asset except in material accordance with applicable Environmental Laws, (iii) there has been no present or, to the best of Borrower's knowledge, past releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping (a "Release") or threatened Release of Hazardous Substances on, upon, into or from the Real Estate Assets in violation of applicable Environmental Laws, (iv) to the best of Borrower's knowledge, there have been no Releases in violation of applicable Environmental Laws upon, from or into any real property in the vicinity of any of the Real Estate Assets which, through soil or groundwater contamination, may have come to be located on such Real Estate Asset, and (v) to the best of Borrower's Knowledge, any Hazardous Substances that have been generated on any of the Real Estate Assets during ownership thereof by the Borrower, BPI, their respective Subsidiaries or the operations of their respective properties have been transported off-site only in compliance with all applicable Environmental Laws; any of which events described in clauses (i) through (v) above would have a material adverse effect on the business, assets or financial condition of BPLP, BPI, or taken as a whole, the BP Group, or constitutes a Disqualifying Environmental Event with respect to any of the Borrowing Base Properties. Notwithstanding that the representations contained herein are limited to the knowledge of the Borrower, any such limitation shall not affect the covenants specified in Section 8.11 or elsewhere in this Agreement.

(d) None of the Borrower, BPI or any of the Real Estate Assets is subject to any applicable Environmental Law requiring the performance of Hazardous Substances site assessments, or the removal or remediation of Hazardous Substances, or the giving of notice to any governmental agency or the recording or delivery to other Persons of an environmental disclosure document or statement, by virtue of the transactions set forth herein and contemplated hereby, or as a condition to the effectiveness of any other transactions contemplated hereby.

Section 7.19. SUBSIDIARIES. SCHEDULE 7.19 sets forth, as of the Closing Date, all of the respective Subsidiaries of BPLP, each other Borrower and BPI.

Section 7.20. LOAN DOCUMENTS. All of the representations and warranties by or on behalf of the Borrower and BPI and their respective Subsidiaries made in this Agreement and in the other Loan Documents or any document or instrument delivered to the Agent or the Banks pursuant to or in connection with any of such Loan Documents are true and correct in all material respects and do not include any untrue statement of a material fact or omit to state a material fact required to be stated or necessary to make such representations and warranties not materially misleading.

Section 7.21. REIT STATUS. BPI has not taken any action that would prevent it from maintaining its qualification as a REIT for its tax years ended December 31, 1997, December 31, 1998, December 31, 1999, December 31, 2000, December 31, 2001 or December 31, 2002 or from maintaining such qualification at all times during the term of this Agreement.

Section 8. AFFIRMATIVE COVENANTS OF THE BORROWER AND BPI. The Borrower for itself and on behalf of BPI and their respective Subsidiaries (if and to the extent expressly included in subsections contained in this Section 8) covenants and agrees that, so long as any Loan, Letter of Credit or Note is outstanding or any Bank has any obligation to make any Loans or any Bank has any obligation to issue, extend or renew any Letters of Credit:

Section 8.1. PUNCTUAL PAYMENT. The Borrower will duly and punctually pay or cause to be paid the principal and interest on the Loans and all interest, fees, charges and other amounts provided for in this Agreement and the other Loan Documents, all in accordance with the terms of this Agreement and the Notes, and the other Loan Documents.

Section 8.2. MAINTENANCE OF OFFICE. Each of the Borrower and BPI will maintain its chief executive office in Boston, Massachusetts, or at such other place in the United States of America as each of them shall designate by written notice to the Agent to be delivered within fifteen (15) days of any change of chief executive office, where, subject to Section 22, notices, presentations and demands to or upon the Borrower and BPI in respect of the Loan Documents may be given or made.

Section 8.3. RECORDS AND ACCOUNTS. Each of the Borrower and BPI will (a) keep, and cause each of its Subsidiaries to keep, true and accurate records and books of account in which full, true and correct entries in all material respects will be made in accordance with GAAP and (b) maintain adequate accounts and reserves for all taxes (including income taxes), contingencies, depreciation and amortization of its properties and the properties of its Subsidiaries; all of such reserves may be unfunded.

Section 8.4. FINANCIAL STATEMENTS, CERTIFICATES AND INFORMATION. The Borrower will deliver and cause BPI to deliver (as applicable) to the Agent (with copies to the Agent for each Bank):

(a) as soon as practicable, but in any event not later than ninety (90) days after the end of each fiscal year of BPI, the audited consolidated balance sheet of BPI and its Subsidiaries at the end of such year, and the related audited consolidated statements of income, changes in shareholder's equity and cash flows for the year then ended, in each case, setting forth in comparative form the figures as of the end of and for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with GAAP, and, in each case, accompanied by an auditor's report prepared

without qualification by the Accountants (and the Borrower also shall deliver the foregoing for BPLP on a consolidated basis);

(b) as soon as practicable, but in any event not later than forty-five (45) days after the end of each of its March 31, June 30 and September 30 fiscal quarters, copies of the unaudited consolidated balance sheet of BPI and its Subsidiaries, as at the end of such quarter, and the related unaudited consolidated statements of income, changes in shareholders' equity and cash flows for the portion of BPI's fiscal year then elapsed, all in reasonable detail and prepared in accordance with GAAP (which may be provided by inclusion in the Form 10-Q of BPI filed with the SEC for such period provided pursuant to clause (i) below), together with a certification by the principal financial or accounting officer of the Borrower and BPI that the information contained in such financial statements fairly presents the financial position of BPI and its

Subsidiaries on the date thereof (subject to year-end adjustments none of which shall be materially adverse) (and the Borrower also shall deliver the foregoing for BPLP on a consolidated basis);

(c) Upon the request of the Agent and as soon as practicable, but in any event not later than ninety (90) days after the end of each of its fiscal years, statements of Net Operating Income and outstanding Indebtedness as at the end of such fiscal year and for the fiscal year then ended in respect of each Real Estate Asset (including each Borrowing Base Property), each prepared in accordance with GAAP consistent with the definitions of Net Operating Income and outstanding Indebtedness used in this Agreement and a summary rent roll in respect of each Borrowing Base Property, in each case certified by the chief financial or accounting officer of the Borrower as true and correct in all material respects;

(d) Upon the request of the Agent and as soon as practicable, but in any event not later than forty-five (45) days after the end of each of the fiscal quarters of the Borrower, (1) copies of the unaudited statements of Net Operating Income and outstanding Indebtedness as at the end of such quarter and for the portion of the fiscal year then elapsed in respect of each Real Estate Asset (including each Borrowing Base Property), each prepared in accordance with GAAP consistent with the definitions of Net Operating Income and outstanding Indebtedness used in this Agreement and certified by the chief financial or accounting officer of the Borrower to present fairly the Net Operating Income and outstanding Indebtedness in respect of each such Real Estate Asset and (ii) an occupancy analysis in respect of each Real Estate Asset (including each Borrowing Base Property) certified by the chief financial officer of the Borrower to be true and complete in all material respects;

(e) simultaneously with the delivery of the financial statements referred to in subsections (a) and (b) above, a statement in the form of EXHIBIT C-2 hereto signed by the chief financial or accounting officer of the Borrower and (if applicable) reconciliations to reflect changes in GAAP since the date of such financial statements;

(f) promptly as they become available, a copy of each report (including any so-called management letters) submitted to the Borrower, BPI or any of their respective subsidiaries by the Accountants in connection with each annual audit of the books of the Borrower, BPI or such Subsidiary by such Accountants or in connection with any interim audit thereof pertaining to any phase of the business of the Borrower, BPI or any such Subsidiary;

(g) contemporaneously with (or promptly after) the filing or mailing thereof, copies of all material of a financial nature sent to the holders of any Indebtedness of the Borrower (other than the Loans) for borrowed money, to the extent that the information or disclosure contained in such material refers to or could reasonably be expected to have a material adverse effect on the business, assets, financial condition or prospects, or operations of BPLP, BPI or, taken as a whole, the BP Group;

(h) contemporaneously with the filing or mailing thereof, copies of all material of a financial nature filed with the SEC or sent to the stockholders of BPI;

(i) as soon as practicable, but in any event not later than ninety (90) days after the end of each fiscal year of BPI, copies of the Form 10-K statement filed by BPI with the SEC for such fiscal year, and as soon as practicable, but in any event not later than fifty (50) days after the end of each fiscal quarter of BPI copies of the Form 10-Q statement filed by BPI with the SEC for such fiscal quarter, PROVIDED that, in either case, if the SEC has granted an extension for the filing of such statements, BPI shall deliver such statements to the Agent within ten (10) days after the filing thereof with the SEC;

(j) from time to time such other financial data and information about the Borrower, BPI, their respective Subsidiaries, the Real Estate Assets and the Partially-Owned Real Estate Holding Entities as the Agent or any Bank (through the Agent) may reasonably request, including without limitation complete rent rolls, existing environmental reports, and insurance certificates with respect to the Real Estate Assets (including the Borrowing Base Properties);

(k) in the case of the Borrower and BPI, as soon as practicable, but in any event not later than ninety (90) days after the end of each of their respective fiscal years, PRO FORMA projections for the next three fiscal years;

(l) together with the financial statements delivered pursuant to Section 8.4(a), a certification by the chief financial or accounting officer

of the Borrower of the state and federal taxable income of BPI and its Subsidiaries as of the end of the applicable fiscal year; and

(m) in the event that the definition of "funds from operations" is revised by the Board of Governors of the National Association of Real Estate Investment

Trusts, a report, certified by the chief financial or accounting officer of the Borrower, of the "funds from operations" of the Borrower based on the definition as in effect on the date of this Agreement and based on the definition as so revised from time to time, which such report shall be delivered to the Agent (with copies to the Agent for each Bank) with the financial statements required to be delivered pursuant to Section 8.4(b) above; and

(n) as soon as practicable, but in any event not later than ninety (90) days after the end of the fiscal year of BPLP, the unaudited balance sheet of BPLP at the end of each such year, and the related unaudited statements of income, changes in partners' capital and cash flows for the year then ended, in each case setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with GAAP, together with a certification by the principal financial or accounting officer of BPLP that the information contained in such financial statements fairly presents the financial position of BPLP on the date thereof, and as soon as practicable, but in any event not later than forty-five (45) days after the end of each of the March 31, June 30 and September 30 fiscal quarters of BPLP, the unaudited balance sheet of BPLP at the end of each such quarter, and the related unaudited statements of income, changes in partners' capital and cash flows for the quarter then ended, in each case setting forth in comparative form the figures for the previous fiscal quarter and all such statements to be in reasonable detail, prepared in accordance with GAAP, together with a certification by the principal financial or accounting officer of BPLP that the information contained in such financial statements fairly presents the financial position of BPLP on the date thereof (subject to year-end adjustments none of which shall be materially adverse).

Section 8.5. NOTICES.

(a) DEFAULTS. The Borrower will, and will cause BPI, as applicable, to, promptly after obtaining knowledge of the same, notify the Agent in writing (with copies to the Agent for each Bank) of the occurrence of any Default or Event of Default or Non-Material Breach. If any Person shall give any notice or take any other action in respect of (x) a claimed Default (whether or not constituting an Event of Default) under this Agreement or (y) a claimed failure by the Borrower, BPI or any of their respective Subsidiaries, as applicable, to comply with any term, condition or provision of or under any note, evidence of Indebtedness, indenture or other obligation in excess of $10,000,000, individually or in the aggregate, to which or with respect to which any of them is a party or obligor, whether as principal or surety, and such failure to comply would permit the holder of such note or obligation or other evidence of Indebtedness to accelerate the maturity thereof, which acceleration would have a material adverse effect on BPLP, BPI or, taken as a whole, the BP Group or the Borrower shall forthwith give written notice thereof to the Agent and each of the Banks, describing the notice or action and the nature of the claimed failure to comply.

(b) ENVIRONMENTAL EVENTS. The Borrower will, and will cause BPI to, promptly give notice in writing to the Agent (with copies to the Agent for each Bank) (i) upon Borrower's or BPI's obtaining knowledge of any material violation (as determined by the Borrower or BPI in the exercise of its reasonable discretion) of any Environmental Law regarding any Real Estate Asset or Borrower's or BPI's operations, (ii) upon Borrower's or BPI's obtaining knowledge of any known Release of any Hazardous Substance at, from, or into any Real Estate Asset which it reports in writing or is reportable by it in writing to any governmental authority and which is material in amount or nature or which could materially affect the value of such Real Estate Asset, (iii) upon Borrower's or BPI's receipt of any notice of material violation of any Environmental Laws or of any material Release of Hazardous Substances in violation of any Environmental Laws or any matter that may be a Disqualifying Environmental Event with respect to any of the Borrowing Base Properties, including a notice or claim of liability or potential responsibility from any third party (including without limitation any federal, state or local governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) Borrower's or BPI's or any other Person's operation of any Real Estate Asset, (B) contamination on, from or into any Real Estate Asset, or (C) investigation or remediation of off-site locations at which Borrower or BPI or any of its predecessors are

alleged to have directly or indirectly disposed of Hazardous Substances, or (iv) upon Borrower's or BPI's obtaining knowledge that any expense or loss has been incurred by such governmental authority in connection with the assessment, containment, removal or remediation of any Hazardous Substances with respect to which Borrower or BPI or any Partially-Owned Real Estate Entity may be liable or for which a lien may be imposed on any Real Estate Asset; any of which events described in clauses (i) through (iv) above would have a material adverse effect on the business, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, or constitutes a Disqualifying Environmental Event with respect to any of the Borrowing Base Properties. As of the date hereof, the Borrower has notified the Agent and the Banks of the matters referenced on SCHEDULE 8.5(B), to the extent such matters are disclosed in the Form 10-K referred to therein.

(c) NOTIFICATION OF CLAIMS AGAINST BORROWING BASE PROPERTIES. The Borrower will, and will cause each Subsidiary to, promptly upon becoming aware thereof, notify the Agent in writing (with copies to the Agent for each Bank) of any setoff, claims, withholdings or other defenses to which any of the Borrowing Base Properties are subject, which (i) would have a material adverse effect on (x) the business, assets or financial condition of BPLP, BPI or, taken as a whole, the BP Group, or (y) the value of any such Borrowing Base Property, or (ii) with respect to such Borrowing Base Property, constitute a Disqualifying Environmental Event, a Disqualifying Structural Event or a Lien subject to the bonding or insurance requirement of Section 9.2(viii).

(d) NOTICE OF LITIGATION AND JUDGMENTS. The Borrower will, and will cause BPI and their respective Subsidiaries, to give notice to the Agent in writing (with copies to the Agent for each Bank) within fifteen (15) days of becoming aware of any

litigation or proceedings threatened in writing or any pending litigation and proceedings an adverse determination in which could materially affect BPLP, BPI or taken as a whole, the BP Group, or any Borrowing Base Property or to which the Borrower, BPI or any of their respective Subsidiaries is or is to become a party involving an uninsured claim against the Borrower, BPI or any of their respective Subsidiaries that could reasonably be expected to have a materially adverse effect on BPLP, BPI or, taken as a whole, the BP Group, the respective properties, business, assets, financial condition or prospects or on the value or operation of the Borrowing Base Properties and stating the nature and status of such litigation or proceedings. The Borrower will, and will cause each of BPI and their respective Subsidiaries to, give notice to the Agent and each of the Banks, in writing, in form and detail reasonably satisfactory to the Agent and each of the Banks, within ten (10) days of any judgment not covered by insurance, final or otherwise, against the Borrower, BPI or any of such Subsidiaries in an amount in excess of $5,000,000.

(e) ACQUISITION OF REAL ESTATE ASSETS. The Borrower shall notify the Agent (with copies to the Agent for each Bank) in its financial reports delivered pursuant to Section Section 8.4(a) and (b) of the acquisition of Real Estate Assets during the applicable quarter by the Borrower or any other member of the BP Group (other than BPI) (whether or not such acquisition was made with proceeds of the Loans), which notice shall include, at the Agent's request, with respect to each such Real Estate Asset, its address, a brief description and recent photograph, a rent roll summary, a PRO FORMA and historic (if available) income statement and a summary of the key business terms of such acquisition, PROVIDED that the failure of the Borrower to provide such notice to the Agent shall not constitute a Default or Event of Default hereunder.

(f) INSOLVENCY EVENTS. The Borrower shall notify the Agent in writing (with copies to the Agent for each Bank) promptly after the occurrence of any of the events described in Section 14.1(g) or (h) with respect to any member of the BP Group other than BPLP and BPI.

Section 8.6. EXISTENCE OF BORROWER; MAINTENANCE OF PROPERTIES. The Borrower will do or cause to be done all things necessary to, and shall, preserve and keep in full force and effect its respective existence in its jurisdiction of organization and will do or cause to be done all things necessary to preserve and keep in full force all of its respective rights and franchises and those of its respective Subsidiaries each of which in the good faith judgment of BPLP may be necessary to properly and advantageously conduct the businesses conducted by it. The Borrower (a) will cause all necessary repairs, renewals, replacements, betterments and improvements to be made to all Real Estate Assets owned or controlled by it, all as in the judgment of the Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times, subject to the terms of the applicable Leases and partnership agreements or other entity charter documents, and in any event, will keep all of the Real Estate Assets (for so long as such Real Estate Assets are owned by the Borrower or any of its Subsidiaries) in a condition consistent with the Real Estate Assets currently

owned or

controlled by the Borrower or its Subsidiaries, (b) will cause all of its other properties and those of its Subsidiaries (to the extent controlled by the Borrower) used or useful in the conduct of its business or the business of its Subsidiaries to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, (c) will not permit BPI to directly own or lease any Real Estate Asset (except only 100 East Pratt Street, Baltimore, Maryland so long as all of the economic benefits of such Real Estate Asset contractually flow to BPLP), and (d) will, and will cause each of its Subsidiaries to continue to engage primarily in the businesses now conducted by it and in related businesses, all of the foregoing to the extent necessary to comply with the other terms and conditions set forth in this Agreement, and in the case of clauses (a) and (b) above, except to the extent that the failure to comply with the provisions thereof constitutes a Non-Material Breach.

Section 8.7. EXISTENCE OF BPI; MAINTENANCE OF REIT STATUS OF BPI; MAINTENANCE OF PROPERTIES;. The Borrower will cause BPI to do or cause to be done all things necessary to preserve and keep in full force and effect BPI's existence as a Delaware corporation. The Borrower will cause BPI at all times (i) to maintain its status as a REIT and not to take any action which could lead to its disqualification as a REIT and (ii) to continue to be listed on a nationally-recognized stock exchange. Without limitation of Section 9.3(f), the Borrower will cause BPI not to engage in any business other than the business of acting as a REIT and serving as the general partner and limited partner of the Borrower, and as a member, partner or stockholder of Subsidiaries of the Borrower, including Boston Properties LLC (PROVIDED that BPI's percentage equity interest in any such Subsidiary shall not exceed 1%), and matters directly relating thereto, and shall cause BPI to (x) conduct all or substantially all of its business operations through the Borrower or through subsidiary partnerships or other entities in which the Borrower owns at least 99% of the economic interests and (y) own no real property or material personal property other than (1) through its ownership interests in the Borrower and its Subsidiaries, including Boston Properties LLC, in compliance with the terms hereof, and (2) contracts and agreements of the nature described in Schedule 9.1(e). The Borrower will cause BPI (a) to cause all of its properties and those of its Subsidiaries used or useful in the conduct of its business or the business of its Subsidiaries to be maintained and kept in good condition, repair and working order, and supplied with all necessary equipment, (b) to cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of BPI may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times and (c) to cause each of its Subsidiaries to continue to engage primarily in the businesses now conducted by it and in related businesses, in each case under clauses (a), (b) and (c) above to the extent, in the good faith judgment of BPI, necessary to properly and advantageously conduct the businesses being conducted by it.

Section 8.8. INSURANCE. The Borrower will, and will cause BPI to, maintain with respect to its properties, and will cause each of its Subsidiaries to maintain with financially sound and reputable insurers, insurance with respect to such properties and its

business against such casualties and contingencies as shall be in accordance with the general practices of businesses engaged in similar activities in similar geographic areas and in amounts, containing such terms, in such forms and for such periods as may be reasonable and prudent, unless any failure to do so does not relate to BPLP or BPI and is a Non-Material Breach.

Section 8.9. TAXES. The Borrower will, and will cause BPI and each of their respective Subsidiaries to, pay or cause to be paid real estate taxes, other taxes, assessments and other governmental charges against the Real Estate Assets before the same become delinquent and will duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges imposed upon its sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of the Real Estate Assets, unless any failure to do so does not relate to BPLP or BPI and is a Non-Material Breach; PROVIDED that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower or BPI shall have set aside on its books adequate reserves with respect thereto; and PROVIDED further that the Borrower or BPI will pay all such taxes, assessments, charges, levies or claims forthwith prior to the consummation of proceedings to foreclose any lien that may have attached as security therefor. Promptly upon request by the Agent if

required for bank regulatory compliance purposes or similar bank purposes, the Borrower will provide evidence of the payment of real estate taxes, other taxes, assessments and other governmental charges against the Real Estate Assets in the form of receipted tax bills or other form reasonably acceptable to the Agent, or evidence of the existence of applicable contests as contemplated herein.

Section 8.10. INSPECTION OF PROPERTIES AND BOOKS. (a) Subject to the rights of tenants to limit or prohibit such access, as denoted in the applicable leases, the Borrower will, and will cause BPI to, permit the Agent or any of the Banks' other designated representatives upon no less than 24 hours notice (which notice may be given orally or in writing), to visit and inspect any of the properties of the Borrower, BPI or any of their respective Subsidiaries to examine the books of account of the Borrower, BPI and their respective Subsidiaries (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrower, BPI and their respective Subsidiaries with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as the Agent may reasonably request; PROVIDED that, so long as no Event of Default has occurred and is continuing, the Borrower shall only be responsible for the costs and expenses incurred by the Agent in connection with such inspections.

(b) The Borrower hereby agrees that each of the Banks and the Agent (and each of their respective, and their respective affiliates', employees, officers, directors, agents and advisors (collectively, "Representatives") is, and has been from the commencement of discussions with respect to the facility established by the Agreement

(the "Facility"), permitted to disclose to any and all Persons, without limitation of any kind, the structure and tax aspects (as such terms are used in Code sections 6011 and 6111) of the Facility, and all materials of any kind (including opinions or other tax analyses) that are or have been provided to such Bank or the Agent related to such structure and tax aspects. In this regard, each of the Banks and the Agent acknowledges and agrees that its disclosure of the structure or tax aspects of the Facility is not limited in any way by an express or implied understanding or agreement, oral or written (whether or not such understanding or agreement is legally binding). Furthermore, each of the Banks and the Agent acknowledges and agrees that it does not know or have reason to know that its use or disclosure of information relating to the structure or tax aspects of the Facility is limited in any other manner (such as where the Facility is claimed to be proprietary or exclusive) for the benefit of any other Person. Notwithstanding the foregoing (i) the Banks and the Agent shall not disclose any materials or information of any kind or nature whatsoever which are not specifically permitted to be disclosed in accordance with the terms of this subparagraph (b) and (ii) in the event of any change, amendment, modification or clarification of Code sections 6011 and/or 6111 (or any other applicable Section) or any Regulations promulgated thereunder, or the issuance by any Person of any guidance on which the Banks, the Agent and the Representatives are entitled to rely or are otherwise bound by (including, by way of example only, private letter rulings), which in any way limits or restricts what may be disclosed pursuant to the terms of this paragraph, or otherwise establishes that such Code sections do not, or are not intended to, apply to loan facilities such as the Facility (or other similar transactions), the terms of this subparagraph (b) shall be deemed modified thereby. In this regard, the Banks and the Agent intend that this transaction will not be a "confidential transaction" under Code sections 6011, 6111 or 6112, and the regulations promulgated thereunder.

(c) Notwithstanding anything to the contrary herein (including, without limitation, the provisions of subparagraph (b) above), neither the Agent nor any Bank may disclose to any Person any information that constitutes material non-public information regarding the Borrower or its securities for purposes of Regulation FD of the Securities and Exchange Commission or any other federal or state securities laws (it being acknowledged and agreed that the provisions of this Section 8.10 with respect to such information are reasonably necessary to comply with said Regulation FD and/or such other federal and state securities laws) (such information referred to collectively herein as the "BORROWER INFORMATION"), except that each of the Agent and each of the Banks may disclose Borrower Information (i) to any other Bank, (ii) to any other person if reasonably incidental to the administration of the Loans, (iii) upon the order of any court or administrative agency, (iv) upon the request or demand of any regulatory agency or authority, (v) which has been publicly disclosed other than as a result of a disclosure by the Agent or any Bank which is not permitted by this Agreement, (vi) in connection with any litigation to which the Agent, any Bank, or any other Representative may be a party, (vii) to the extent reasonably required in connection with the exercise of any remedy hereunder, (viii) to the Agent's or such Bank's Affiliates, legal counsel and independent

auditors or other Represenatives, and (ix) to any actual or proposed participant or Eligible Assignee of all or part of its rights hereunder.

(d) Each of the Banks and the Agent hereby agrees that the Borrower (and its, and its affiliates', employees, officers, directors, advisors and agents (collectively "Borrower Representatives") is, and has been from the commencement of discussions with respect to the Facility, permitted to disclose to any and all Persons, without limitation of any kind, the structure and tax aspects (as such terms are used in Code sections 6011 and 6111) of the Facility, and all materials of any kind (including opinions or other tax analyses) that are or have been provided to the Borrower related to such structure and tax aspects. In this regard, the Borrower acknowledges and agrees that its disclosure of the structure or tax aspects of the Facility is not limited in any way by an express or implied understanding or agreement, oral or written (whether or not such understanding or agreement is legally binding). Furthermore, each of the Borrower, each Bank and the Agent acknowledges and agrees that it does not know or have reason to know that its use or disclosure of information relating to the structure or tax aspects of the Facility is limited in any other manner (such as where the Facility is claimed to be proprietary or exclusive) for the benefit of any other Person.

(e) The provisions of this Section 8.10 supersede any confidentiality obligations of the Borrower, the Agent or any of the Banks relating to the Facility under any agreements between or among the Borrower and the Agent and/or the Banks, as applicable. The parties hereto agree that any such confidentiality obligations shall be deemed void AB INITIO.

Section 8.11. COMPLIANCE WITH LAWS, CONTRACTS, LICENSES, AND PERMITS. The Borrower will, and will cause BPI to, comply with, and will cause each of their respective Subsidiaries to comply with (a) all applicable laws and regulations now or hereafter in effect wherever its business is conducted, including, without limitation, all Environmental Laws and all applicable federal and state securities laws, (b) the provisions of its partnership agreement or corporate charter and other charter documents and by-laws, as applicable, (c) all material agreements and instruments to which it is a party or by which it or any of its properties may be bound (including the Real Estate Assets and the Leases) and (d) all applicable decrees, orders, and judgments, unless such non-compliance does not relate to BPLP or BPI and constitutes a Non-Material Breach. If at any time while any Loan or Note or Letter of Credit is outstanding or the Banks have any obligation to make Loans or issue Letters of Credit hereunder, any Permit shall become necessary or required in order that the Borrower may fulfill any of its obligations hereunder, the Borrower and BPI and their respective Subsidiaries will immediately take or cause to be taken all reasonable steps within the power of the Borrower or BPI, as applicable, to obtain such Permit and furnish the Agent with evidence thereof.

Section 8.12. USE OF PROCEEDS. Subject at all times to the other provisions of this Agreement, the Borrower will use the proceeds of the Loans solely for working capital

and general corporate purposes. It is agreed by the Banks that, from time to time, the Borrower may request proceeds of the Loans be used to refinance certain secured mortgage Indebtedness of the Borrower, in which event, a portion of the Loans equal to the amount of the advances made hereunder in connection with such refinancing may, at Borrower's election, be secured by the refinanced mortgage (a "Refinancing Mortgage"). Any such Refinancing Mortgage would be (i) required to be in form and substance reasonably satisfactory to the Agent, (ii) subject to customary terms and conditions reasonably satisfactory to the Agent, (iii) amended and restated to provide for economic and other terms which are identical to those of the Loans (e.g., the maturity date shall be amended to be the Maturity Date hereunder and the interest rate and payment terms will be amended to be the same as those hereunder, it being further acknowledged that such modified interest rate may be based upon either a Revolving Credit Loan or a Bid Rate Loan calculation, as elected by the Borrower pursuant to the terms hereof) and (iv) subject to being released or transferred by the Agent at the request of the Borrower. In addition, in connection with each Refinancing Mortgage, the Agent would agree to provide, at the request of Borrower, subordination, non-disturbance and attornment agreements in form and substance reasonably satisfactory to Agent. No Real Estate Asset that is subject to a Refinancing Mortgage will qualify as an Unencumbered Asset hereunder.

Section 8.13. ADDITION OF BORROWING BASE PROPERTY. Prior to the addition of any Real Estate Asset to the Borrowing Base as a Borrowing Base Property, the Borrower shall promptly deliver to the Agent (i) the Joinder Documents (including the documents, instruments, certificates and agreements required thereby). Upon satisfaction of the requirements of this Section 8.13, and subject to the compliance of any such additional Borrowing Base Property with

the Borrowing Base Conditions, such Real Estate Asset shall be included as a Borrowing Base Property.

Section 8.14. ADDITIONAL BORROWERS; SOLVENCY OF BORROWERS; REMOVAL OF BORROWERS.

(a) If, after the Closing Date, BPLP wishes to designate as a Borrowing Base Property a Real Estate Asset that otherwise qualifies as a Borrowing Base Property but is owned or ground-leased by a Person other than the Borrower, BPLP shall cause such Person (which Person must be a Wholly-owned Subsidiary) to become a party to this Agreement and the other applicable Loan Documents prior to such Real Estate Asset becoming a Borrowing Base Property hereunder. The liability of each Borrower which is from time to time a Borrower hereunder shall be joint and several with all other Borrowers for all Obligations for so long as such Borrower is a Borrower hereunder (PROVIDED that BPLP shall at all times be a Borrower hereunder). At any time and from time to time but only for so long as no Default or Event of Default shall then exist, BPLP may notify Agent, in writing (each, a "Release Notice"), that one (1) or more Borrowing Base Properties are to be removed from the Borrowing Base. Such Release Notice shall be accompanied by a Certificate of Compliance in the form of EXHIBIT C-4, evidencing compliance. Immediately upon receipt of such Release Notice and Certificate

of Compliance, such Borrowing Base Properties (each, a "Released Property") shall be removed from the Borrowing Base and any Wholly-owned Subsidiary which is the owner of a Released Property and which is then a Borrower (other than BPLP) hereunder shall be released from its obligations hereunder (including the Obligations), PROVIDED, HOWEVER, that any such release shall only be effective as to Obligations arising after the applicable Release Notice (and the Certificate of Compliance evidencing compliance) is received by Agent. BPLP will not permit any Borrower (other than BPLP) that owns or ground leases any Borrowing Base Property to have any Subsidiaries unless such Subsidiary's business, obligations and undertakings are exclusively related to the business of such Borrower.

(b) Each Borrower and BPI shall remain solvent at all times, unless such failure to remain solvent does not relate to BPLP or BPI and is a Non-Material Breach.

Section 8.15. FURTHER ASSURANCES. The Borrower will, and will cause BPI to, cooperate with, the Agent and the Banks and execute such further instruments and documents as the Banks or the Agent shall reasonably request to carry out to their satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

Section 8.16. INTEREST RATE PROTECTION. In the event that the Borrower's floating rate Indebtedness at any time exceeds forty-five percent (45%) of Consolidated Total Indebtedness, the Borrower shall, upon the Agent's written request (an "Agent Notice"), maintain in effect interest rate protection arrangements (by means of hedging techniques or vehicles such as interest rate swaps, interest rate caps, interest rate corridors or interest rate collars, in each case to be capped at a rate reasonably satisfactory to the Agent and the Majority Banks and otherwise in form and substance reasonably satisfactory to the Agent) for a tenor and in an amount reasonably satisfactory to the Agent and the Majority Banks, provided that the amount of interest rate protection required shall not exceed, in any event, the amount of the Borrower's floating rate Indebtedness which is in excess of forty-five percent (45%) of Consolidated Total Indebtedness. Once obtained, the Borrower shall maintain such arrangements in full force and effect as provided therein, and shall not, without the approval of the Majority Banks, modify, terminate, or transfer such arrangements during the period in which the Borrower's floating rate Indebtedness exceeds forty-five percent (45%) of Consolidated Total Indebtedness with respect to any specific related Agent Notice. The Borrower may, at its option, enter into additional interest rate protection arrangements permitted pursuant to Section 9.3.

Section 8.17. ENVIRONMENTAL INDEMNIFICATION. The Borrower covenants and agrees that it will indemnify and hold the Agent and each Bank, and each of their respective Affiliates, harmless from and against any and all claims, expense, damage, loss or liability incurred by the Agent or any Bank (including all reasonable costs of legal representation incurred by the Agent or any Bank, but excluding, as applicable, for the Agent or a Bank any claim, expense, damage, loss or liability as a result of the gross

negligence or willful misconduct of the Agent or such Bank or any of their respective Affiliates) relating to (a) any Release or threatened Release of

Hazardous Substances on any Real Estate Asset; (b) any violation of any Environmental Laws with respect to conditions at any Real Estate Asset or the operations conducted thereon; (c) the investigation or remediation of off-site locations at which the Borrower, BPI or any of their respective Subsidiaries or their predecessors are alleged to have directly or indirectly disposed of Hazardous Substances; or (d) any action, suit, proceeding or investigation brought or threatened with respect to any Hazardous Substances relating to Real Estate Assets (including, but not limited to, claims with respect to wrongful death, personal injury or damage to property). It is expressly acknowledged by the Borrower that, notwithstanding the introductory paragraph of this Section 8, this covenant of indemnification shall survive the repayment of the amounts owing under the Notes and this Agreement and the termination of this Agreement and the obligations of the Banks hereunder and shall inure to the benefit of the Agent and the Banks and their respective Affiliates, their respective successors, and their respective assigns under the Loan Documents permitted under this Agreement.

Section 8.18. RESPONSE ACTIONS. The Borrower covenants and agrees that if any Release or disposal of Hazardous Substances shall occur or shall have occurred on any Real Estate Asset owned directly or indirectly by the Borrower or BPI, in violation of applicable Environmental Laws, the Borrower will cause the prompt containment and removal of such Hazardous Substances and remediation of such wholly-owned Real Estate Asset as necessary to comply with all Environmental Laws.

Section 8.19. ENVIRONMENTAL ASSESSMENTS. If the Agent in its good faith judgment, after discussion with the Borrower and review of any environmental reports provided by the Borrower, has reasonable grounds to believe that a Disqualifying Environmental Event has occurred with respect to any one or more of the Borrowing Base Properties, whether or not a Default or an Event of Default shall have occurred, the Agent may, from time to time, for the purpose of assessing and determining whether a Disqualifying Environmental Event has in fact occurred, cause the Borrower to obtain one or more environmental assessments or audits of such Borrowing Base Property prepared by a hydrogeologist, an independent engineer or other qualified consultant or expert approved by the Agent to evaluate or confirm (i) whether any Hazardous Substances are present in the soil or water at such Borrowing Base Property and (ii) whether the use and operation of such Borrowing Base Property complies with all Environmental Laws. Environmental assessments may include without limitation detailed visual inspections of such Borrowing Base Property including, without limitation, any and all storage areas, storage tanks, drains, dry wells and leaching areas, and, if and to the extent reasonable, appropriate and required pursuant to applicable Environmental Laws, the taking of soil samples, surface water samples and ground water samples, as well as such other investigations or analyses as the Agent deems appropriate. All such environmental assessments shall be at the sole cost and expense of the Borrower; provided, however, the Agent may not require environmental assessments at the Borrower's expense, with respect to any Borrowing

Base Property, more frequently than upon the occurrence of a Release on any Borrowing Base Property.

Section 8.20. EMPLOYEE BENEFIT PLANS.

(a) NOTICE. The Borrower will, and will cause BPI to, notify the Agent (with copies to the Agent for each Bank) within a reasonable period after the establishment of any Employee Benefit Plan or Guaranteed Pension Plan by any of them or any of their respective ERISA Affiliates other than those disclosed in the SEC Filings and no Borrower will, or will permit BPI to, establish any Employee Benefit Plan, Multiemployer Plan or Guaranteed Pension Plan which could reasonably be expected to have a material adverse effect on BPLP, BPI or, taken as a whole, the BP Group.

(b) IN GENERAL. Each Employee Benefit Plan maintained by the Borrower, BPI or any of their respective ERISA Affiliates will be operated in compliance in all material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions.

(c) TERMINABILITY OF WELFARE PLANS. With respect to each Employee Benefit Plan maintained by the Borrower, BPI or any of their respective ERISA Affiliates which is an employee welfare benefit plan within the meaning of Section 3(l) or Section 3(2)(B) of ERISA, the Borrower, BPI, or any of their respective ERISA Affiliates, as the case may be, has the right to terminate each such plan at any time (or at any time subsequent to the expiration of any applicable bargaining agreement) without liability other than liability to pay claims incurred prior to the date of termination.

(d) UNFUNDED OR UNDERFUNDED LIABILITIES. The Borrower will

not, and will not permit BPI to, at any time, have accruing or accrued unfunded or underfunded liabilities with respect to any Employee Benefit Plan, Guaranteed Pension Plan or Multiemployer Plan, or permit any condition to exist under any Multiemployer Plan that would create a withdrawal liability, which such liability could, individually or in the aggregate, reasonably be expected to have a material adverse effect on BPLP, BPI or, taken as a whole, the BP Group.

Section 8.21. NO AMENDMENTS TO CERTAIN DOCUMENTS. The Borrower will not, and will not permit BPI to, at any time cause or permit its certificate of limited partnership, agreement of limited partnership (including without limitation the Agreement of Limited Partnership of the Borrower, articles of incorporation, by-laws, operating agreement or other charter documents, as the case may be, to be modified, amended or supplemented in any respect whatever, without (in each case) the express prior written consent or approval of the Agent, if such changes would affect BPI's REIT status or otherwise materially adversely affect the rights of the Agent and the Banks hereunder or under any other Loan Document.

Section 9. CERTAIN NEGATIVE COVENANTS OF THE BORROWER AND BPI. The Borrower for itself and on behalf of BPI covenants and agrees that, so long as any Loan, Letter of Credit or Note is outstanding or any Bank has any obligation to make any Loans or any Bank has any obligation to issue, extend or renew any Letters of Credit:

Section 9.1. RESTRICTIONS ON LIABILITIES. The Borrower and BPI may, and may permit their respective Subsidiaries to, create, incur, assume, guarantee or be or remain liable for, contingently or otherwise, any Liabilities other than the specific Liabilities which are prohibited under this Section 9.1 (the "Prohibited Liabilities"), it being agreed that neither the Borrower nor BPI will, or will permit any Subsidiary to, create, incur, assume, guarantee or be or remain liable for, contingently or otherwise, singularly or in the aggregate for any of such Prohibited Liabilities, as follows:

(a) Unsecured Indebtedness (excluding the Obligations) which is incurred under a revolving credit facility with a commercial bank, trust company, or savings and loan association, PROVIDED that, in the event the Borrower acquires a Real Estate Asset with respect to which there is any such unsecured Indebtedness, the Borrower shall have a period of 90 days in which to repay such Indebtedness in full;

(b) Indebtedness which would result in a Default or Event of Default under Section 10,

(c) An aggregate amount in excess of $10,000,000 at any one time in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies (other than in respect of properties owned by Partially-Owned Real Estate Holding Entities) for which payment therefor is required to be made in accordance with the provisions of Section 8.9 and such payment is due and delinquent and which is not being contested diligently and in good faith;

(d) An aggregate amount in excess of $10,000,000 at any one time in respect of uninsured judgments or awards, with respect to which the applicable periods for taking appeals have expired, or with respect to which final and unappealable judgments or awards have been rendered, and such judgments or awards remain unpaid for more than thirty (30) days; and

(e) With respect to BPI only, any and all Liabilities other than (i) the Liabilities existing as of the Closing Date of the kind or nature described on SCHEDULE 9.1(E), (ii) Liabilities incurred by BPI in the ordinary course of business and which are of the same or similar kind or nature to those permitted under subclause (i) above, (iii) Liabilities incurred by BPI in connection with its maintenance of corporate status, preparation of SEC filings, accountants' fees and similar administrative matters, and (iv) other Liabilities incurred by BPI of the same or similar kind or nature as currently exist,

so long as such Liabilities are not, individually or in the aggregate, material to BPI, BPLP or, taken as a whole, the BP Group.

The terms and provisions of this Section 9.1 are in addition to, and not in limitation of, the covenants set forth in Section 10.

Without limiting the foregoing, but subject to the other provisions of this Agreement (including without limitation Section 10), Indebtedness Without Recourse to any of the Credit Parties or any of their respective assets other than their respective interests in the Real Estate Assets that are subject to

such Indebtedness Without Recourse is not restricted other than with respect to BPI, as set forth in subclause (e) above.

Section 9.2. RESTRICTIONS ON LIENS, ETC. None of the Borrower, BPI and any Wholly-owned Subsidiary will: (a) create or incur or suffer to be created or incurred or to exist any lien, mortgage, pledge, attachment, security interest or other rights of third parties of any kind upon any of the Borrowing Base Properties, whether now owned or hereafter acquired (but only for so long as they remain Borrowing Base Properties), or upon the income or profits therefrom; (b) acquire, or agree or have an option to acquire, any property or assets upon conditional sale or other title retention or purchase money security agreement, device or arrangement in connection with the operation of the Borrowing Base Properties; (c) suffer to exist for a period of more than thirty (30) days, with respect to the Borrowing Base Properties, any taxes, assessments, governmental charges and claims for labor, materials and supplies for which payment thereof is not being contested or for which payment notwithstanding a contest is required to be made in accordance with the provisions of Section 8.9 and has not been timely made and, with respect to any individual Borrowing Base Property, is in an amount in excess of the lesser of (i) $500,000 and (ii) three percent (3%) of the fair market value of the applicable Borrowing Base Property; or (d) sell, assign, pledge or otherwise transfer for security any accounts, contract rights, general intangibles, chattel paper or instruments, with or without recourse, relating to the Borrowing Base Properties (the foregoing items (a) through (d) being sometimes referred to in this Section 9.2 collectively as "Liens"), PROVIDED that the Borrower, BPI and any Wholly-owned Subsidiary may create or incur or suffer to be created or incurred or to exist (but only, with respect to BPI, as set forth in subclause (vi) below to the extent relating to the Real Estate Asset located at 100 East Pratt Street, Baltimore, Maryland):

(i) Liens securing taxes, assessments, governmental charges or levies or claims for labor, material and supplies, the Indebtedness with respect to which is not prohibited by Section 9.1(c) or Section 9.2(c);

(ii) Liens arising out of deposits or pledges made in connection with, or to secure payment of, worker's compensation, unemployment insurance, old age pensions or other social security obligations; and deposits with utility companies and other similar deposits made in the ordinary course of business;

(iii) Liens (other than affecting the Borrowing Base Properties) in respect of judgments or awards, the Indebtedness with respect to which is not prohibited by Section 9.1(d);

(iv) encumbrances on properties consisting of easements, rights of way, covenants, zoning and other land-use restrictions, building restrictions, restrictions on the use of real property and defects and irregularities in the title thereto; landlord's or lessor's Liens under Leases to which the Borrower or any wholly-owned Subsidiary is a party or bound; purchase options granted at a price not less than the market value of such property; and other minor Liens or encumbrances on properties, none of which interferes materially and adversely with the use of the property affected in the ordinary conduct of the business of the Borrower, and which matters (x) do not individually or in the aggregate have a material adverse effect on the business of BPLP, BPI or, taken as a whole, the BP Group and (y) do not make title to such property unmarketable by the conveyancing standards in effect where such property is located;

(v) any Leases;

(vi) Liens and other encumbrances or rights of others which exist on the date of this Agreement and which do not otherwise constitute a breach of this Agreement, including, without limitation, Liens created by or pursuant to the Organizational Documents of the Borrower with respect to a restriction on sale or refinancing of a Real Estate Asset that would be an acceptable Lien under the definition of "Unencumbered Asset", so long as all such Liens, individually, or in the aggregate, do not have a material adverse effect on BPLP, BPI or, taken as a whole, the BP Group; PROVIDED that nothing in this clause (vi) shall be deemed or construed to permit an Borrowing Base Property to be subject to a Lien to secure Indebtedness;

(vii) as to Real Estate Assets which are acquired after the date of this Agreement, Liens and other encumbrances or rights of others which exist on the date of acquisition and which do not otherwise constitute a breach of this Agreement; provided that nothing in this clause (vii) shall be deemed or construed to permit a Borrowing Base Property to be subject to a Lien to secure Indebtedness;

(viii) Liens affecting the Borrowing Base Properties in respect of judgments or awards that are under appeal or have been in force for

less than the applicable period for taking an appeal, so long as execution is not levied thereunder or in respect of which, at the time, a good faith appeal or proceeding for review is being diligently prosecuted, and in respect of which a stay of execution shall have been obtained pending such appeal or review; PROVIDED that the Borrower shall have obtained a bond or insurance or made other arrangements with respect thereto, in each case reasonably satisfactory to the Agent;

(ix) Liens securing Indebtedness for the purchase price of capital assets (other than Real Estate Assets but including Indebtedness in respect of Capitalized Leases for equipment and other equipment leases) to the extent not otherwise prohibited by Section 9.1; and

(x) other Liens (other than affecting the Borrowing Base Properties) in connection with any Indebtedness permitted under Section 9.1.

Nothing contained in this Section 9.2 shall restrict or limit the Borrower or any of their respective Wholly-owned Subsidiaries from creating a Lien in connection with any Real Estate Asset which is not a Borrowing Base Property and otherwise in compliance with the other terms of this Agreement.

BPI shall not create or incur or suffer to be created or incurred any Lien on any of its directly-owned properties or assets, including, in any event, its general partner interests and limited partner interests in the Borrower.

Section 9.3. RESTRICTIONS ON INVESTMENTS. None of the Borrower, BPI, or any of their respective Subsidiaries will make or permit to exist or to remain outstanding any Investment except, with respect to the Borrower and its Subsidiaries only, Investments in:

(a) marketable direct or guaranteed obligations of the United States of America that mature within two (2) years from the date of purchase (including investments in securities guaranteed by the United States of America such as securities in so-called "overseas private investment corporations");

(b) demand deposits, certificates of deposit, bankers acceptances and time deposits of United States banks having total assets in excess of $1,000,000,000;

(c) securities commonly known as "commercial paper" issued by a corporation organized and existing under the laws of the United States of America or any state thereof that at the time of purchase have been rated and the ratings for which are not less than "P 1" if rated by Moody's, and not less than "A 1" if rated by S&P;

(d) Investments existing on the Closing Date and listed in the SEC Filings or in the financial statements referred to in Section 7.4;

(e) other Investments hereafter in connection with the acquisition and development of Permitted Properties by the Borrower or any Wholly-owned Subsidiary of the Borrower, PROVIDED that the aggregate amounts actually invested by Borrower (or if not invested directly by Borrower, actually invested by an Affiliate of the Borrower for which the Borrower has any funding obligation) and such Wholly-owned Subsidiary at any time as Development Costs in Real Estate Assets Under Development (and without regard to any obligations of the Borrower or such Subsidiary to provide funds which have

not yet been invested) will not exceed twenty-five percent (25%) of the Fair Market Value of Real Estate Assets at the time of any such Investment;

(f) subject at all times to the restrictions of Section 9.7 hereof and subject to what is permitted in clause (e) above, so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, Investments (i) in Real Estate Assets, (ii) in interests in Partially-Owned Real Estate Holding Entities, (iii) in the stock of or other beneficial interests in Persons whose primary operations consist of the ownership, development, operation or management of Real Estate Assets or the ownership of Mortgages, or (iv) consisting of the acquisition of (A) contracts for the management of real estate assets for third parties unrelated to the Borrower, or (B) Mortgages, PROVIDED that the aggregate fair market value of Borrower's and any such Subsidiary's interest in such other businesses (excluding management and development businesses except to the extent of amounts actually invested by the Borrower or any such Subsidiary therein) does not exceed twenty-five percent (25%) of the Consolidated Total Adjusted Asset Value at the time of any such Investment;

(g) any Investments now or hereafter made in any Wholly-owned Subsidiary;

(h) Investments in respect of (1) equipment, inventory and other tangible personal property acquired in the ordinary course of business, (2) current trade and customer accounts receivable for services rendered in the ordinary course of business and payable in accordance with customary trade terms, (3) advances in the ordinary course of business to employees for travel expenses, drawing accounts and similar expenditures, (4) prepaid expenses made in the ordinary course of business;

(i) shares of so-called "money market funds" registered with the SEC under the Investment Company Act of 1940 which maintain a level per-share value, invest principally in marketable direct or guaranteed obligations of the United States of America and agencies and instrumentalities thereof, and have total assets in excess of $50,000,000;

(j) Investments made by the Borrower in businesses which are not in the business of commercial real estate so long as such businesses have real estate related purposes or such Investment is in connection with a real estate related transaction, PROVIDED that the aggregate amounts actually invested by the Borrower in such businesses shall not exceed two percent (2%) of the Consolidated Total Adjusted Asset Value at the time of each such Investment. Without limitation of the provisions of the foregoing sentence, the Banks retroactively increase the amount of the waiver of the restrictions on Investments set forth in Section 9.3 which is contained in the August 23, 1999 waiver letter in favor of the Borrower by $1,500,000; and

(k) Investments made by the Borrower in Real Estate Assets constituting multi-family, retail and parking properties, PROVIDED that the aggregate amounts actually invested by the Borrower in such businesses which are not ancillary or related to Permitted Properties, shall not exceed five percent (5%) of the Consolidated Total Adjusted Asset Value at the time of each such Investment.

Notwithstanding the foregoing, BPI shall be permitted to make and maintain (i) Investments in the Borrower, (ii) Investments in the Borrower's Subsidiaries (including, without limitation, in Boston Properties LLC), PROVIDED that BPI's percentage equity interest in any such Subsidiary shall not exceed 1%, (iii) Investments which exist as of the date of this Agreement and are set forth on SCHEDULE 9.3, and (iv) other Investments which would be permitted by the terms of this Agreement, including Section 8.7 above. The Borrower shall cause BPI to contribute to the Borrower, promptly upon, and in any event within 3 Business Days of, BPI's receipt thereof, 100% of the aggregate proceeds received by BPI in connection with any offering of stock or debt in BPI (net of fees and expenses customarily incurred in such offerings).

Section 9.4. MERGER, CONSOLIDATION AND DISPOSITION OF ASSETS; ASSETS OF BPI.

None of the Borrower, BPI or any of their respective Subsidiaries will:

(a) become a party to any merger or consolidation without prior written approval of the Majority Banks, except that so long as no Default or Event of Default has occurred and is continuing, or would occur after giving effect thereto, the merger or consolidation of one or more Persons with and into the Borrower or BPI shall be permitted in connection with the acquisition of Real Estate Assets if the Borrower or BPI, as the case may be, is the surviving entity; PROVIDED that (i) if any such merger or consolidation involves BPI, the assets acquired (including any equity interests) are, promptly after the consummation of the acquisition, contributed to the Borrower or one of its Subsidiaries and all liabilities assumed by BPI in connection with the acquisition are assumed by the Borrower or such Subsidiary, and (ii) prior to any such merger or consolidation (other than (x) the merger or consolidation of one or more Wholly-owned Subsidiaries with and into the Borrower or (y) the merger or consolidation of two or more Wholly owned Subsidiaries of the Borrower), the Borrower shall provide to the Agent (with copies to the Agent for each Bank) a statement in the form of EXHIBIT C-4 hereto signed by the chief financial officer or treasurer of the Borrower and setting forth in reasonable detail computations evidencing compliance with the covenants contained in Section Section 10.1 through 10.7 and certifying, to the best knowledge of the signatory, that no Default or Event of Default has occurred and is continuing, or would occur and be continuing after giving effect to such merger or consolidation and all liabilities, fixed or contingent, pursuant thereto; or

(b) without limitation of the other provisions of this Agreement, and in particular, subject to the provisions of Section 14 relating to the removal of a

Real Estate Asset from the Borrowing Base in connection with the curing of any Default, Event of Default or Non-Material Breach, sell, transfer or otherwise dispose of any Real Estate Assets or grant a Lien to secure Indebtedness otherwise permitted hereunder unless no Default or Event of Default would exist or occur and be continuing after giving effect to any such transaction.

Section 9.5. COMPLIANCE WITH ENVIRONMENTAL LAWS. None of the Borrower, BPI or any Subsidiary will do any of the following: (a) use any of the Real Estate Assets or any portion thereof as a facility for the handling, processing, storage or disposal of Hazardous Substances except for quantities of Hazardous Substances used in the ordinary course of business and in compliance with all applicable Environmental Laws, (b) cause or permit to be located on any of the Real Estate Assets any underground tank or other underground storage receptacle for Hazardous Substances except in compliance with Environmental Laws, (c) generate any Hazardous Substances on any of the Real Estate Assets except in compliance with Environmental Laws, or (d) conduct any activity at any Real Estate Asset or use any Real Estate Asset in any manner so as to cause a Release in violation of applicable Environmental Laws; unless, with respect to clause (d) above, any such occurrence would constitute a Non-Material Breach hereunder.

Section 9.6. DISTRIBUTIONS.

(a) The Borrower will not make (i) annual Distributions in excess of 90% of "funds from operations"; (ii) Distributions in excess of 100% of "funds from operations" for more than three consecutive fiscal quarters; or (iii) any Distributions during any period after any monetary Event of Default has occurred; PROVIDED, HOWEVER, (a) that the Borrower may at all times (including while a monetary Event of Default is continuing) make Distributions to the extent (after taking into account all available funds of BPI from all other sources) required in order to enable BPI to continue to qualify as a REIT and (b) in the event that the Borrower cures any such monetary default in clause (iii) above and the Agent has accepted such cure prior to accelerating the Loan, the limitation of clause (iii) above shall cease to apply with respect to such monetary default. The Agent and the Banks acknowledge that, because extraordinary gains are not included in "funds from operations", the restrictions on Distributions do not restrict Distributions of extraordinary gains, and such Distributions of extraordinary gains shall not be included in the calculation of the percentages set forth above.

(b) BPI will not, during any period when any monetary Event of Default has occurred and is continuing, make any Distributions in excess of the Distributions required to be made by BPI in order to maintain its status as a REIT.

Section 9.7. HOTEL PROPERTIES. At any time of determination, the hotel properties shall not constitute more than 25% of the Consolidated Total Adjusted Asset Value or more than 25% of the number of Real Estate Assets. The Agent acknowledges that, on the Closing Date, there are one hundred forty two (142) Real Estate Assets.

Section 10. FINANCIAL COVENANTS; COVENANTS REGARDING BORROWING BASE PROPERTIES. The Borrower covenants and agrees that, so long as any Loan, Letter of Credit or Note is outstanding or any Bank has any obligation to make any Loan or any Bank has any obligation to issue, extend or renew any Letters of Credit:

Section 10.1. CONSOLIDATED TOTAL INDEBTEDNESS. As at the end of any fiscal quarter, Consolidated Total Indebtedness on the last day of such quarter shall not exceed 60% of Consolidated Total Adjusted Asset Value on the last day of such quarter, PROVIDED that (i) for a single period of not more than five consecutive fiscal quarters of the Borrower, Consolidated Total Indebtedness on the last day of a fiscal quarter may exceed 60% of Consolidated Total Adjusted Asset Value on the last day of such quarter (but in no event may it exceed 65% of Consolidated Total Adjusted Asset Value), and (ii) in no event may such five consecutive fiscal quarters include the fiscal quarter in which the Maturity Date occurs or the fiscal quarter immediately preceding the fiscal quarter in which the Maturity Date occurs. Such single five consecutive fiscal quarter period shall commence with the first fiscal quarter for which the financial statements pertaining to such quarter evidence Consolidated Total Indebtedness in excess of 60% of Consolidated Total Adjusted Asset Value on the last day of such quarter, and shall not be available to the Borrower again, whether or not the Borrower utilized all five consecutive fiscal quarters.

Section 10.2. SECURED CONSOLIDATED TOTAL INDEBTEDNESS. As at the end of any fiscal quarter, Secured Consolidated Total Indebtedness shall not exceed 55% of Consolidated Total Adjusted Asset Value on the last day of such quarter.

Section 10.3. DEBT SERVICE COVERAGE. As at the end of any fiscal quarter,

(A) the ratio of (i) Consolidated EBITDA for such quarter to (ii) Consolidated Fixed Charges for such quarter (inclusive of any Consolidated Fixed Charges attributable to dividends and distributions (excluding distributions on account of extraordinary gains) paid or required to be paid in such quarter on the Preferred Creditor Equity) shall not be less than 1.50 to 1.0; and

(B) the ratio of (i) Consolidated EBITDA for such quarter to (ii) Consolidated Fixed Charges for such quarter (inclusive of any Consolidated Fixed Charges attributable to dividends and distributions (excluding distributions on account of extraordinary gains) paid or required to be paid in such quarter on the Preferred Equity) shall not be less than 1.30 to 1.0.

Section 10.4. [Reserved.]

Section 10.5. NET WORTH. As at the end of any fiscal quarter or any other date of measurement, the Consolidated Net Worth of the Borrower and its Subsidiaries shall not be less than the sum of (i) $2,000,000,000 plus (ii) 75% of the aggregate proceeds received by BPI (net of fees and expenses customarily incurred in transactions of such type) in connection with any offering of stock in BPI, PLUS (iii) 75% of the aggregate value of operating units issued by the Borrower in connection with asset or stock acquisitions (valued at the time of issuance by reference to the terms of the agreement pursuant to which such units are issued), in each case after the Closing Date and on or prior to the date such determination of Consolidated Net Worth is made.

Section 10.6. BORROWING BASE PROPERTIES.

(a) As at the end of any fiscal quarter or any other date of measurement, the Borrower shall not permit Unsecured Consolidated Total Indebtedness (exclusive of Accounts Payable, but including amounts outstanding under any Loans and the aggregate undrawn face amount of all outstanding Letters of Credit after giving effect to Loan Requests) to equal or exceed 60% of the aggregate Borrowing Base Value, PROVIDED that in the event that Consolidated Total Indebtedness exceeds 60% of Consolidated Total Adjusted Asset Value at any time, the Borrower shall not permit the Unsecured Consolidated Total Indebtedness (exclusive of Accounts Payable, but including the outstanding principal amount of all Loans and the aggregate undrawn face amount of all outstanding Letters of Credit after giving effect to Loan Requests) to equal or exceed 55% of the aggregate Borrowing Base Value.

(b) No more than 20% of the Borrowing Base Value shall be derived from any single Borrowing Base Property, PROVIDED that from the Closing Date through June 30, 2004, 399 Park Avenue (to the extent that it otherwise qualifies as a Borrowing Base Property) may constitute up to 48% of the Borrowing Base Value. On July 1, 2004, or if earlier, on the date that 399 Park Avenue constitutes less than 35% of the Borrowing Base Value, then two (2) Borrowing Base Properties may constitute up to 55% of the Borrowing Base Value and such two (2) Borrowing Base Properties (and no others) may exceed the 20% individual Borrowing Base Property limit referred to above. To evidence compliance with the foregoing, the Borrower shall submit to the Agent a compliance certificate in the form of EXHIBIT C-5.

(c) For purposes of determining the Borrowing Base Value, the Net Operating Income of any Borrowing Base Property acquired during such prior fiscal quarter shall be adjusted on a pro-forma basis by projecting the Net Operating Income generated by each such acquired Borrowing Base Property for the portion of the quarter during which it was owned or ground-leased by the Borrower over the entire quarter.

(d) Notwithstanding the Borrowing Base Conditions, in the event that the Borrower desires to include any Unencumbered Asset in the Borrowing Base that does not meet one or more of the Borrowing Base Conditions, any such Unencumbered

Asset shall only be permitted to be included in the Borrowing Base in the event that (i) the Borrower has submitted to the Agent a compliance certificate in the form of EXHIBIT C-5, modified to reflect the non-conformity of the proposed Borrowing Base Property, and (ii) the Majority Banks have provided the Borrower with written approval, in their sole discretion, for such non-conforming

Unencumbered Asset to be included in the Borrowing Base. Upon any such written approval by the Majority Banks, such Unencumbered Asset shall be considered a Borrowing Base Property for all purposes hereunder, PROVIDED that on the date of inclusion of any such Unencumbered Asset in the Borrowing Base (and thereafter in accordance with the terms of this Agreement), such Unencumbered Asset is otherwise in compliance with the Borrowing Base Conditions other than with respect to the non-conformity as certified by the Borrower and approved by the Majority Banks in the compliance certificate submitted by the Borrower under clause (i) of the preceding sentence, and PROVIDED, FURTHER that there is otherwise no Default or Event of Default existing upon the date of, or arising as a result of, the inclusion of such Unencumbered Asset in the Borrowing Base.

(e) The Borrowing Base must at all times be comprised of at least fifteen (15) Real Estate Assets.

Section 10.7. BORROWING BASE DEBT SERVICE COVERAGE RATIO. As of the end of any fiscal quarter or any other date of measurement, the Borrowing Base Debt Service Coverage Ratio shall not be less than 1.40 to 1.0.

Section 11. [Reserved.]

Section 12. CONDITIONS TO THE FIRST ADVANCE. The obligations of any Bank to make the initial Revolving Credit Loans and of the Fronting Bank to issue any initial Letters of Credit (and to maintain the existing outstanding Loans and Letters of Credit) shall be subject to the satisfaction of the following conditions precedent on or prior to the Closing Date:

Section 12.1. LOAN DOCUMENTS. Each of the Loan Documents shall have been duly executed and delivered by the respective parties thereto and shall be in full force and effect.

Section 12.2. CERTIFIED COPIES OF ORGANIZATION DOCUMENTS. The Agent shall have received (i) from the Borrower a copy, certified as of a recent date by a duly authorized officer of BPI, in its capacity as general partner of the Borrower, to be true and complete, of the Agreement of Limited Partnership of BPLP and any other Organizational Document or other agreement governing the rights of the partners or other equity owners of the Borrower, and (ii) from BPI a copy, certified as of a recent date by the appropriate officer of the State of Delaware to be true and correct, of the corporate charter of BPI, in each case along with any other organization documents of the Borrower or BPI and their

respective general partners, as the case may be, and each as in effect on the date of such certification.

Section 12.3. BY-LAWS; RESOLUTIONS. All action on the part of the Borrower and BPI necessary for the valid execution, delivery and performance by the Borrower and BPI of this Agreement and the other Loan Documents to which any of them is or is to become a party shall have been duly and effectively taken, and evidence thereof satisfactory to the Banks shall have been provided to the Agent. The Agent shall have received from BPI true copies of its by-laws and the resolutions adopted by its board of directors authorizing the transactions described herein and evidencing the due authorization, execution and delivery of the Loan Documents to which BPI and/or the Borrower is a party, each certified by the secretary as of a recent date to be true and complete.

Section 12.4. INCUMBENCY CERTIFICATE: AUTHORIZED SIGNERS. The Agent shall have received from BPI an incumbency certificate, dated as of the Closing Date, signed by a duly authorized officer of BPI and giving the name of each individual who shall be authorized: (a) to sign, in the name and on behalf of the Borrower and BPI, as the case may be, each of the Loan Documents to which the Borrower or BPI is or is to become a party; (b) to make Loan and Conversion Requests on behalf of the Borrower and (c) to give notices and to take other action on behalf of the Borrower or BPI as applicable, under the Loan Documents.

Section 12.5. TITLE POLICIES. The Agent (on behalf of the Banks) shall have received copies of the owner's title policies, if any, for all Borrowing Base Properties for which the Agent has requested copies, and shall have been permitted to review such other title policies at BPLP as it has requested prior to the Closing Date.

Section 12.6. CERTIFICATES OF INSURANCE. The Agent shall have received, to the extent available (and if not available on the Closing Date, within thirty (30) days after the Closing Date) (a) current certificates of insurance as to all of the insurance maintained by Borrower on the Borrowing Base Properties (including flood insurance if necessary) from the insurer or an independent insurance broker, identifying insurers, types of insurance, insurance limits, and policy terms; and (b) such further information and certificates from Borrower, its insurers and insurance brokers as the Agent may reasonably request.

Section 12.7. HAZARDOUS SUBSTANCE ASSESSMENTS. To the extent requested by the Agent, the Agent shall have received hazardous waste site assessment reports running in favor of the Agent and the Banks concerning Hazardous Substances (or the threat thereof) and asbestos with respect to the Borrowing Base Properties, dated no earlier than July 31, 1996, from environmental engineers reasonably acceptable to the Agent, such reports to be in form and substance satisfactory to the Agent and each of the Banks.

Section 12.8. OPINION OF COUNSEL CONCERNING ORGANIZATION AND LOAN DOCUMENTS. Each of the Banks and the Agent shall have received favorable opinions addressed to the Banks

and the Agent in form and substance reasonably satisfactory to the Banks and the Agent from Goodwin Procter LLP and state specific local counsel who are reasonably satisfactory to Agent, each as counsel to the Borrower, BPI and their respective Subsidiaries, with respect to applicable law, including, without limitation, Massachusetts law and certain matters of Delaware law.

Section 12.9. [Reserved.]

Section 12.10. STRUCTURAL CONDITION ASSURANCES. To the extent requested by the Agent, the Agent and each of the Banks shall have received evidence satisfactory to the Agent and each of the Banks as to the good physical condition of the Buildings and that utilities and public water and sewer service is available at the lot lines of the Borrowing Base Properties and connected directly to the Buildings on the Borrowing Base Properties with all necessary Permits.

Section 12.11. FINANCIAL ANALYSIS OF BORROWING BASE PROPERTIES. Each of the Banks shall have completed, to its satisfaction, a financial analysis of each Borrowing Base Property, which analysis shall include, without limitation, a review, with respect to each Borrowing Base Property, of (i) the most recent rent rolls, (ii) three (3) year historical and projected operating statements, (iii) cash flow projections, (iv) market data, (v) selected Leases, and (vi) tenant financial statements, to the extent available. The costs and expenses incurred by each Bank (other than the Agent) in conducting such analysis shall be borne by such Bank; PROVIDED that the Borrower will furnish such materials to the Banks at the Borrower's expense. The Borrower agrees that at the request of any Bank it will furnish the materials described in this Section 12.11 to such Bank after the Closing Date.

Section 12.12. INSPECTION OF BORROWING BASE PROPERTIES. At the Agent's election, the Agent shall have completed to its satisfaction, and at the Borrower's expense, an inspection of the Borrowing Base Properties which the Agent has not inspected in the one (1) year period prior to the Closing Date.

Section 12.13. CERTIFICATIONS FROM GOVERNMENT OFFICIALS. The Agent shall have received long-form certifications from government officials evidencing the legal existence, good standing and foreign qualification of the Borrower and BPI, along with a certified copy of the certificate of limited partnership of the Borrower, all as of the most recent practicable date.

Section 12.14. [Reserved.]

Section 12.15. PROCEEDINGS AND DOCUMENTS. All proceedings in connection with the transactions contemplated by this Agreement, the other Loan Documents and all other documents incident thereto shall be satisfactory in form and substance to each of the Banks and to the Agent's counsel, and the Agent, each of the Banks and such counsel

shall have received all information and such counterpart originals or certified or other copies of such documents as the Agent may reasonably request.

Section 12.16. FEES. The Borrower shall have paid to the Agent, for the accounts of the Banks or for its own account, as applicable, all of the fees and expenses that are due and payable as of the Closing Date in accordance with this Agreement and with any fee letter of even date herewith between the Borrower and the Agent.

Section 12.17. CLOSING CERTIFICATE; COMPLIANCE CERTIFICATE. The Borrower shall have delivered a Closing Certificate to the Agent, the form of which is attached hereto as EXHIBIT E. The Borrower shall have delivered a compliance certificate in the form of EXHIBIT C-7 hereto evidencing compliance with the covenants set forth in Section 10 on a PRO FORMA basis.

Section 12.18. PARTNERSHIP DOCUMENTS. The Agent shall have received from the Borrower true copies of all Partnership Documents.

Section 12.19. RELEASE DOCUMENTS. The Agent shall have delivered to the Borrower appropriate release documentation necessary to release all, if any, security interests granted by the Borrower in the Borrowing Base Properties, including, without limitation, appropriate releases of mortgages and deeds of trust and UCC termination statements.

Section 13. CONDITIONS TO ALL BORROWINGS. The obligations of any Bank to make any Loan and of any Bank to issue, extend or renew any Letter of Credit, in each case, whether on or after the Closing Date, shall also be subject to the satisfaction of the following conditions precedent:

Section 13.1. REPRESENTATIONS TRUE; NO EVENT OF DEFAULT; COMPLIANCE CERTIFICATE. Each of the representations and warranties made by or on behalf of the Borrower, BPI or any of their respective Subsidiaries contained in this Agreement, the other Loan Documents or in any document or instrument delivered pursuant to or in connection with this Agreement shall be true as of the date as of which they were made and shall also be true at and as of the time of the making of each Loan or the issuance, extension or renewal of each Letter of Credit, with the same effect as if made at and as of that time (except (i) to the extent of changes resulting from transactions contemplated or not prohibited by this Agreement or the other Loan Documents (including, without limitation, the fact that a Real Estate Asset may cease to be a Borrowing Base Property pursuant to the terms of this Agreement) and changes occurring in the ordinary course of business, (ii) to the extent that such representations and warranties relate expressly to an earlier date and (iii) to the extent otherwise represented by the Borrower with respect to the representation set forth in Section 7.10); and no Default or Event of Default under this Agreement shall have occurred and be continuing on the date of any Loan Request or on the Drawdown Date of any Loan. Each of the Banks shall have received a certificate of the Borrower signed by an authorized officer of the Borrower as provided in Section 2.4(iv)(c).

Section 13.2. NO LEGAL IMPEDIMENT. No change shall have occurred any law or regulations thereunder or interpretations thereof that in the reasonable opinion, as determined in good faith, of the Agent or any Bank would make it illegal for any Bank to make such Loan or to participate in the issuance, extension or renewal of such Letter of Credit or, in the reasonable opinion, as determined in good faith, of the Agent, would make it illegal to issue, extend or renew such Loan or Letter of Credit.

Section 13.3. GOVERNMENTAL REGULATION. Each Bank shall have received such statements in substance and form reasonably satisfactory to such Bank as such Bank shall reasonably require in good faith for the purpose of compliance with any applicable regulations of the Comptroller of the Currency or the Board of Governors of the Federal Reserve System.

Section 14. EVENTS OF DEFAULT; ACCELERATION; ETC..

Section 14.1. EVENTS OF DEFAULT AND ACCELERATION. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of the Loans when the same shall become due and payable;

(b) the Borrower shall fail to pay any interest on the Loans or any other sums due hereunder or under any of the other Loan Documents (including, without limitation, amounts due under Section 8.17) when the same shall become due and payable, and such failure continues for three (3) days (PROVIDED that in the case of such sums due other than for interest, the Borrower shall have received from the Agent notice of the nature and amount of such other amounts and that payment therefor is due);

(c) the Borrower, BPI or any of their respective Subsidiaries shall fail to comply, or to cause BPI to comply, as the case may be, with any of the respective covenants contained in the following:

(i) Section 8.1 (except with respect to principal, interest and other sums covered by clauses (a) or (b) above);

(ii) Section 8.5 (clauses (a) through (d)), unless such failure is cured within fifteen (15) Business Days;

(iii) Section 8.6 (as to the legal existence of Borrower), unless such breach relates to a Borrower other than BPLP and is a Non-Material Breach and Section 8.6

(as it relates to BPI);

(iv) Section 8.7 (as to the legal existence and REIT status of BPI or as it otherwise relates to BPI);

(v) Section 8.10, unless such failure is cured within three (3) Business Days;

(vi) Section 8.12;

(vii) Section 8.13;

(viii) Section 8.14, unless, with respect solely to the last sentence of clause (a) of Section 8.14, such failure is cured within thirty (30) days;

(ix) Section 8.16;

(x) Section 9.1;

(xi) Section 9.2 (pertaining to liens, mortgages, pledges, attachments or other security interests with respect to Borrowing Base Properties) unless (1) with respect solely to such liens or attachments which are not affirmatively created or incurred, such failure is cured within thirty (30) days (with no double-counting of any cure period set forth in Section 9.2) or (2) such failure is a breach which is a Non-Material Breach or Section 9.2 (pertaining to BPI);

(xii) Section 9.3;

(xiii) Section 9.4;

(xiv) Section 9.6;

(xv) Section 9.7; and

(xvi) Section 10;

(d) the Borrower, BPI or any of their respective Subsidiaries shall fail to perform, or to cause BPI to perform, any other term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this Section 14) and such failure continues for thirty (30) days after written notice of such failure from the Agent (such notice not, however, being required for any failure with respect to which the Borrower is otherwise obligated hereunder to notify the Agent or the Banks), PROVIDED, HOWEVER, that if the Borrower is diligently and in good faith prosecuting a cure of any such failure or breach that is capable of being cured (all as determined by the Agent in its reasonable and good faith judgment), the Borrower shall be permitted an

additional thirty (30) days (but in no event more than an aggregate of sixty (60) days after any such initial written notice from the Agent) to effect such cure;

(e) any representation or warranty made by or on behalf of the Borrower, BPI or any of their respective Subsidiaries in this Agreement or any of the other Loan Documents shall prove to have been false in any material respect upon the date when made or deemed to have been made or repeated and the same is not otherwise specified herein to be a Non-Material Breach;

(f) the Borrower or any of its Subsidiaries or, to the extent of Recourse to the Borrower or such Subsidiaries thereunder, any of their respective Affiliates, shall fail to pay at maturity, or within any applicable period of grace, any obligation for borrowed money or credit received or in respect of any Capitalized Leases (other than non-recourse obligations or credit), which is in excess of $50,000,000, either individually or in the aggregate, or fail to observe or perform any material term, covenant, condition or agreement contained in any agreement, document or instrument by which it is bound evidencing, securing or otherwise relating to such Recourse obligations, evidencing or securing borrowed money or credit received or in respect of any Capitalized Leases for such period of time (after the giving of appropriate notice if required) as would permit the holder or holders thereof or of any obligations issued thereunder in excess of $50,000,000, either individually or in the aggregate, to accelerate the maturity thereof; PROVIDED, HOWEVER that

notwithstanding the foregoing, (i) no Event of Default shall occur pursuant to this subparagraph (f) unless and until the holder or holders of such Recourse Indebtedness have declared an event of default beyond any applicable notice and grace periods, if any, on in excess of $50,000,000 of such Recourse Indebtedness either individually or in the aggregate, and (ii) with respect solely to any such Recourse Indebtedness of a Subsidiary or Affiliate of the Borrower (not including any such Indebtedness which is Recourse to the Borrower), no Event of Default shall occur pursuant to this subparagraph (f) if, upon the occurrence of such event, the Borrower, promptly after obtaining knowledge of the same, notifies the Agent in writing (with copies to the Agent for each Bank) of such event and includes with such notice a Compliance Certificate in the form of Exhibit C-6 evidencing to the satisfaction of the Agent that, as of the date thereof, the Borrower is in compliance with all of the covenants set forth in Section 10 after excluding such Subsidiary or Affiliate, and any Real Estate Asset owned by such Subsidiary or Affiliate, from the calculation of such covenants;

(g) any of BPLP, BPI or any of their respective Subsidiaries shall make an assignment for the benefit of creditors, or admit in writing its inability to pay or generally fail to pay its debts as they mature or become due, or shall petition or apply for the appointment of a trustee or other custodian, liquidator or receiver of any of BPLP, BPI or any of their respective Subsidiaries or of any substantial part of the properties or assets of any of such parties or shall commence any case or other proceeding relating to any of the BPLP, BPI or any of their respective Subsidiaries under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation

or similar law of any jurisdiction, now or hereafter in effect, or shall take any action to authorize or in furtherance of any of the foregoing, or if any such petition or application shall be filed or any such case or other proceeding shall be commenced against any of BPLP, BPI or any of their respective Subsidiaries and (i) any of BPLP, BPI or any of their respective Subsidiaries shall indicate its approval thereof, consent thereto or acquiescence therein or (ii) any such petition, application, case or other proceeding shall continue undismissed, or unstayed and in effect, for a period of ninety (90) days, except, with respect solely to such parties other than BPLP and BPI, any of the foregoing constitutes a Non-Material Breach;

(h) a decree or order is entered appointing any trustee, custodian, liquidator or receiver or adjudicating any of BPLP, BPI or any of their respective Subsidiaries bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of any of BPLP, BPI or any of their respective Subsidiaries in an involuntary case under federal bankruptcy laws as now or hereafter constituted, except, with respect solely to such parties other than BPLP and BPI, any of the foregoing constitutes a Non-Material Breach;

(i) there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive, any uninsured final judgment against any of BPLP, BPI or any of their respective Subsidiaries that, with other outstanding uninsured final judgments, undischarged, unsatisfied and unstayed, against any of such parties exceeds in the aggregate $10,000,000, except, with respect solely to such parties other than BPLP and BPI, any of the foregoing constitutes a Non-Material Breach;

(j) any of the Loan Documents or any material provision of any Loan Document shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Agent, or any action at law, suit or in equity or other legal proceeding to make unenforceable, cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of the Borrower or any of its Subsidiaries or BPI or any of its Subsidiaries, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable as to any material terms thereof;

(k) any "Event of Default" or default (after notice and expiration of any period of grace, to the extent provided, as defined or provided in any of the other Loan Documents, shall occur and be continuing;

(l) with respect to any Guaranteed Pension Plan, an ERISA Reportable Event shall have occurred and the Majority Banks shall have determined in their reasonable discretion that such event reasonably could be expected to result in

liability of the Borrower or any of its Subsidiaries or BPI or any of its Subsidiaries to the PBGC or such Guaranteed Pension Plan in an aggregate amount exceeding $10,000,000 and such event in the circumstances occurring reasonably could constitute grounds for the termination of such Guaranteed Pension Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Guaranteed Pension Plan; or a trustee shall have been appointed by the United States District Court to administer such Plan; or the PBGC shall have instituted proceedings to terminate such Guaranteed Pension Plan;

(m) subject to the Borrower's right to remove Real Estate Assets from the Borrowing Base in accordance with the provisions set forth below in this Section 14, the failure of any of the Real Estate Assets being included from time to time as Borrowing Base Properties to comply with any of the conditions set forth in the definition of Borrowing Base Properties; or

(n) without limitation of the other provisions of this Section 14.1, BPI shall at any time fail to be the sole general partner of BPLP or shall at any time be in contravention of any of the requirements contained in Section 9.1(e) hereof, the last paragraph of Section 9.2 hereof, or Section 9.3 (including, without limitation, the last paragraph of Section 9.3);

then, and in any such event, so long as the same may be continuing, the Agent may, and upon the request of the Majority Banks shall, by notice in writing to the Borrower, declare all amounts owing with respect to this Agreement, the Notes and the other Loan Documents and all Reimbursement Obligations to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower, BPI and each of their respective Subsidiaries; PROVIDED that in the event of any Event of Default specified in Section 14.1(g) or 14.1(h), all such amounts shall become immediately due and payable automatically and without any requirement of notice from any of the Banks or the Agent or action by the Banks or the Agent.

For purposes of this Section 14, the term "Non-Material Breach" shall refer to a breach of any representation, warranty or covenant contained in this Agreement to which the term "Non-Material Breach" is expressly applied herein, but only to the extent such breach does not (A) materially adversely affect the business, properties or financial condition of BPLP, BPI or, taken as a whole, the BP Group or (B) adversely affect the ability of BPLP, BPI or, taken as a whole, the BP Group, to fulfill the Obligations to the Banks and the Agent (including, without limitation, to repay all amounts outstanding on the Loans, together with interest and charges thereon when due).

Notwithstanding the foregoing provisions of this Section 14.1 and in addition to the provisions set forth in the immediately preceding paragraph, in the event of a Default, Event of Default or Non-Material Breach arising as a result of the inclusion of any Real Estate Asset in the Borrowing Base at any particular time of reference, if such Default,

Event of Default or Non-Material Breach is capable of being cured by the exclusion of such Real Estate Asset from the Borrowing Base and from all other covenant calculations under Section 10 or otherwise, the Borrower shall be permitted a period not to exceed ten (10) days to submit to the Agent (with copies to the Agent for each Bank) a compliance certificate in the form of EXHIBIT C-4 hereto evidencing compliance with Section 2.1 and with all of the covenants set forth in Section 10 (with calculations evidencing such compliance after excluding from Borrowing Base Net Operating Income all of the Net Operating Income generated by the Real Estate Asset to be excluded from the Borrowing Base) and with the Borrowing Base Conditions, and otherwise certifying that, after giving effect to the exclusion of such Real Estate Asset from the Borrowing Base, no Default, Event of Default or Non-Material Breach will be continuing.

Section 14.2. TERMINATION OF COMMITMENTS. If any one or more Events of Default specified in Section 14.1(g) or Section 14.1(h) shall occur, any unused portion of the Commitments or other commitments to extend credit hereunder shall forthwith terminate and the Banks shall be relieved of all obligations to make Loans to the Borrower and the Agent and any Fronting Bank shall be relieved of all further obligations to issue, extend or renew Letters of Credit. If any other Event of Default shall have occurred and be continuing, whether or not the Banks shall have accelerated the maturity of the Loans pursuant to Section 14.1, any Bank may, by notice to the Borrower, terminate the unused portion of that Bank's Commitment or other commitment to extend credit hereunder, and upon such notice being given such unused portion of such Commitment or other commitment shall terminate immediately, such Bank shall be relieved of all further obligations to make Loans, the Agent and any Fronting Bank shall be relieved of all further obligations to issue, extend or renew Letters of Credit and the

Total Commitments shall be reduced accordingly. No such termination of a Commitment or other commitment to extend credit hereunder shall relieve the Borrower of any of the Obligations or any of its existing obligations to such Bank arising under other agreements or instruments.

Section 14.3. REMEDIES. In the event that one or more Events of Default shall have occurred and be continuing, whether or not the Banks shall have accelerated the maturity of the Loans pursuant to Section 14.1, the Majority Banks may direct the Agent to proceed to protect and enforce the rights and remedies of the Agent and the Banks under this Agreement, the Notes, any or all of the other Loan Documents or under applicable law by suit in equity, action at law or other appropriate proceeding (including for the specific performance of any covenant or agreement contained in this Agreement or the other Loan Documents or any instrument pursuant to which the Obligations are evidenced and, to the full extent permitted by applicable law, the obtaining of the EX PARTE appointment of a receiver), and, if any amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right or remedy of the Agent and the Banks under the Loan Documents or applicable law. No remedy herein conferred upon the Banks or the Agent or the holder of any Note or purchaser of any Letter of Credit Participation is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy

given hereunder or under any of the other Loan Documents or now or hereafter existing at law or in equity or by statute or any other provision of law.

Section 15. SETOFF. Neither the Agent nor any of the Banks shall have any right of set-off or the like with respect to the Obligations against any assets of the Borrower, BPI, their respective Subsidiaries or any Partially-Owned Entity.

Section 16. THE AGENT.

Section 16.1. AUTHORIZATION. (a) The Agent is authorized to take such action on behalf of each of the Banks and to exercise all such powers as are hereunder and under any of the other Loan Documents and any related documents delegated to the Agent, together with such powers as are reasonably incident thereto, PROVIDED that no duties or responsibilities not expressly assumed herein or therein shall be implied to have been assumed by the Agent. The relationship between the Agent and the Banks is and shall be that of agent and principal only, and nothing contained in this Agreement or any of the other Loan Documents shall be construed to constitute the Agent as a trustee or fiduciary for any Bank.

(b) The Borrower, without further inquiry or investigation, shall, and is hereby authorized by the Banks to, assume that all actions taken by the Agent hereunder and in connection with or under the Loan Documents are duly authorized by the Banks. The Banks shall notify Borrower of any successor to Agent by a writing signed by Majority Banks, which successor shall be reasonably acceptable to the Borrower so long as no Default or Event of Default has occurred and is continuing. The Borrower acknowledges that any Bank which acquires Fleet is acceptable as a successor to the Agent.

Section 16.2. EMPLOYEES AND AGENTS. The Agent may exercise its powers and execute its duties by or through employees or agents and shall be entitled to take, and to rely on, advice of counsel concerning all matters pertaining to its rights and duties under this Agreement and the other Loan Documents. The Agent may utilize the services of such Persons as the Agent in its sole discretion may reasonably determine, and all reasonable fees and expenses of any such Persons shall be paid by the Borrower.

Section 16.3. NO LIABILITY. Neither the Agent, nor any of its shareholders, directors, officers or employees nor any other Person assisting them in their duties nor any agent or employee thereof, shall be liable for any waiver, consent or approval given or any action taken, or omitted to be taken, in good faith by it or them hereunder or under any of the other Loan Documents, or in connection herewith or therewith, or be responsible for the consequences of any oversight or error of judgment whatsoever, except that the Agent may be liable for losses due to its willful misconduct or gross negligence.

Section 16.4. NO REPRESENTATIONS. The Agent shall not be responsible for the execution or validity or enforceability of this Agreement, the Notes, the Letters of Credit, or any of the other Loan Documents or for the validity, enforceability or collectibility of any such amounts owing with respect to the Notes, or for any recitals or statements, warranties or representations made herein or in any of the other Loan Documents or in any certificate or instrument

hereafter furnished to it by or on behalf of BPI or the Borrower or any of their respective Subsidiaries, or be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in this Agreement or the other Loan Documents. The Agent shall not be bound to ascertain whether any notice, consent, waiver or request delivered to it by the Borrower or BPI or any holder of any of the Notes shall have been duly authorized or is true, accurate and complete. The Agent has not made nor does it now make any representations or warranties, express or implied, nor does it assume any liability to the Banks, with respect to the credit worthiness or financial condition of the Borrower or any of its Subsidiaries or BPI or any of the Subsidiaries or any tenant under a Lease or any other entity. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank, and based upon such information and documents as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement.

Section 16.5. PAYMENTS.

(a) A payment by the Borrower to the Agent hereunder or any of the other Loan Documents for the account of any Bank shall constitute a payment to such Bank. The Agent agrees to distribute to each Bank such Bank's PRO RATA share of payments received by the Agent for the account of the Banks, as provided herein or in any of the other Loan Documents. All such payments shall be made on the date received, if before 1:00 p.m., and if after 1:00 p.m., on the next Business Day. If payment is not made on the day received, the funds shall be invested by the Agent in overnight obligations, and interest thereon paid PRO RATA to the Banks.

(b) If in the reasonable opinion of the Agent the distribution of any amount received by it in such capacity hereunder, under the Notes or under any of the other Loan Documents might involve it in material liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction, PROVIDED that the Agent shall invest any such undistributed amounts in overnight obligations on behalf of the Banks and interest thereon shall be paid PRO RATA to the Banks. If a court of competent jurisdiction shall adjudge that any amount received and distributed by the Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Agent its proportionate share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

(c) Notwithstanding anything to the contrary contained in this Agreement or any of the other Loan Documents, any Bank that fails (i) to make available

to the Agent its PRO RATA share of any Loan or to purchase any Letter of Credit Participation or (ii) to adjust promptly such Bank's outstanding principal and its PRO rata Commitment Percentage as provided in Section 2.1, shall be deemed delinquent (a "Delinquent Bank") and shall be deemed a Delinquent Bank until such time as such delinquency is satisfied. A Delinquent Bank shall be deemed to have assigned any and all payments due to it from the Borrower, whether on account of outstanding Loans, interest, fees or otherwise, to the remaining nondelinquent Banks for application to, and reduction of, their respective PRO RATA shares of all outstanding Loans. The Delinquent Bank hereby authorizes the Agent to distribute such payments to the nondelinquent Banks in proportion to their respective PRO RATA shares of all outstanding Loans. If not previously satisfied directly by the Delinquent Bank, a Delinquent Bank shall be deemed to have satisfied in full a delinquency when and if, as a result of application of the assigned payments to all outstanding Loans of the nondelinquent Banks, the Banks' respective PRO RATA shares of all outstanding Loans have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency.

Section 16.6. HOLDERS OF NOTES. The Agent may deem and treat the payee of any Notes or the purchaser of any Letter of Credit Participation as the absolute owner or purchaser thereof for all purposes hereof until it shall have been furnished in writing with a different name by such payee or by a subsequent holder, assignee or transferee.

Section 16.7. INDEMNITY. The Banks ratably and severally agree hereby to indemnify and hold harmless the Agent and its Affiliates from and against any and all claims, actions and suits (whether groundless or otherwise), losses, damages, costs, expenses (including any expenses for which the Agent has not been reimbursed by the Borrower as required by Section 17), and liabilities of every nature and character arising out of or related to this Agreement, the Notes, or any of the other Loan Documents or the transactions contemplated or evidenced hereby or thereby, or the Agent's actions taken hereunder or thereunder, except to the extent that any of the same shall be directly caused by the Agent's willful misconduct or gross negligence.

Section 16.8. AGENT AS BANK. In its individual capacity as a Bank, Fleet shall have the same obligations and the same rights, powers and privileges in respect to its Commitment and the Loans made by it, and as the holder of any of the Notes and as the purchaser of any Letter of Credit Participations, as it would have were it not also the Agent.

Section 16.9. NOTIFICATION OF DEFAULTS AND EVENTS OF DEFAULT. Each Bank hereby agrees that, upon learning of the existence of a Default or an Event of Default, it shall (to the extent notice has not previously been provided) promptly notify the Agent thereof. The Agent hereby agrees that upon receipt of any notice under this Section 16.9 it shall promptly notify the other Banks of the existence of such Default or Event of Default.

Section 16.10. DUTIES IN THE CASE OF ENFORCEMENT. In case one or more Events of Default have occurred and shall be continuing, and whether or not acceleration of the

Obligations shall have occurred, the Agent shall, if (a) so requested by the Majority Banks and (b) the Banks have provided to the Agent such additional indemnities and assurances against expenses and liabilities as the Agent may reasonably request, proceed to enforce the provisions of this Agreement and exercise all or any such other legal and equitable and other rights or remedies as it may have in respect of enforcement of the Banks' rights against the Borrower and its Subsidiaries under this Agreement and the other Loan Documents. The Majority Banks may direct the Agent in writing as to the method and the extent of any such enforcement, the Banks (including any Bank which is not one of the Majority Banks) hereby agreeing to ratably and severally indemnify and hold the Agent harmless from all liabilities incurred in respect of all actions taken or omitted in accordance with such directions, PROVIDED that the Agent need not comply with any such direction to the extent that the Agent reasonably believes the Agent's compliance with such direction to be unlawful or commercially unreasonable in any applicable jurisdiction.

Section 16.11. SUCCESSOR AGENT. Fleet, or any successor Agent, may resign as Agent at any time by giving at least 30 days prior written notice thereof to the Banks and to the Borrower. The Majority Banks may remove the Agent in the event of the Agent's willful misconduct or gross negligence or in the event that the Agent ceases to hold a Commitment under this Agreement. In addition, the Borrower may remove the Agent in the event that the Agent holds (without participation) less than the Minimum Commitment, PROVIDED that if the Agent holds less than the Minimum Commitment at any time as a result of the merger or consolidation of any of the other Banks or as a result of events other than the sale by the Agent of any portion of its Commitment, the Agent shall have a period of ninety (90) days after its failure to hold at least the Minimum Commitment to cure such failure. Any such resignation or removal shall be effective upon appointment and acceptance of a successor Agent, as hereinafter provided. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor Agent, which is a Bank under this Agreement and which holds at least the Minimum Commitment, PROVIDED that so long as no Default or Event of Default has occurred and is continuing the Borrower shall have the right to approve any successor Agent, which approval shall not be unreasonably withheld. If, in the case of a resignation by the Agent, no successor Agent shall have been so appointed by the Majority Banks and approved by the Borrower, and shall have accepted such appointment, within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint any one of the other Banks as a successor Agent. The Borrower acknowledges that any Bank which acquires Fleet is acceptable as a successor Agent. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent, and the retiring or removed Agent shall be discharged from all further duties and obligations as Agent under this Agreement. After any Agent's resignation or removal hereunder as Agent, the provisions of this Section 16 shall inure to its benefit as to any actions taken or omitted to be

taken by it while it was Agent under this Agreement. The Agent agrees that it shall not assign any of its rights or duties as Agent to any other Person.

Section 16.12. NOTICES. Any notices or other information required hereunder to be provided to the Agent (with copies to the Agent for each Bank) shall be forwarded by the Agent to each of the Banks on the same day (if practicable) and, in any case, on the next Business Day following the Agent's receipt thereof

Section 17. EXPENSES. The Borrower agrees to pay (a) the reasonable costs of producing and reproducing this Agreement, the other Loan Documents and the

other agreements and instruments mentioned herein, (b) the reasonable fees, expenses and disbursements of the Agent's outside counsel or any local counsel to the Agent incurred in connection with the preparation, administration or interpretation of the Loan Documents and other instruments mentioned herein, each closing hereunder, and amendments, modifications, approvals, consents or waivers hereto or hereunder, (c) the fees, expenses and disbursements of the Agent incurred by the Agent in connection with the preparation, administration or interpretation of the Loan Documents and other instruments mentioned herein, including, without limitation, the costs incurred by the Agent in connection with its inspection of the Borrowing Base Properties (subject to Section 12.14), and, without double-counting amounts under clause (b) above, the fees and disbursements of the Agent's counsel in preparing the documentation, (d) the fees, costs, expenses and disbursements of the Agent and its Affiliates incurred in connection with the initial syndication and/or participations of the Loans (whether occurring before or after the closing hereunder), including, without limitation, reasonable legal fees, travel costs, costs of preparing syndication materials and photocopying costs, PROVIDED that the Borrower shall not incur any costs or fees of any kind in connection with any participation, sale or other syndication of any portion of the Loans which occurs after the initial syndication other than reasonable legal fees and expenses incurred in connection with any participation, sale or syndication undertaken at the request of the Borrower or (in addition to any other fees or expenses relating thereto) in connection with an amendment or increase to the amount of the Total Commitment, (e) all reasonable expenses (including reasonable attorneys' fees and costs, which attorneys may be employees of any Bank or the Agent, and the fees and costs of engineers, investment bankers, or other experts retained by any Bank or the Agent in connection with any such enforcement proceedings) incurred by any Bank or the Agent in connection with (i) the enforcement of or preservation of rights under any of the Loan Documents against the Borrower or any of its Subsidiaries or BPI or the administration thereof after the occurrence and during the continuance of a Default or Event of Default (including, without limitation, expenses incurred in any restructuring and/or "workout" of the Loans), and (ii) any litigation, proceeding or dispute whether arising hereunder or otherwise, in any way related to any Bank's or the Agent's relationship with the Borrower or any of its Subsidiaries or BPI, (f) all reasonable fees, expenses and disbursements of the Agent incurred in connection with UCC searches, UCC terminations or mortgage discharges, and (g) all costs incurred by the Agent in the future in connection with its inspection of the Borrowing Base Properties, PROVIDED that

prior to the occurrence of an Event of Default, the Borrower shall not be required to pay for more than one inspection of each Borrowing Base Property per year. The covenants of this Section 17 shall survive the repayment of the amounts owing under the Notes and this Agreement and the termination of this Agreement and the obligations of the Banks hereunder.

Section 18. INDEMNIFICATION. The Borrower agrees to indemnify and hold harmless the Agent and each of the Banks and the shareholders, directors, agents, officers, subsidiaries and affiliates of the Agent and each of the Banks from and against any and all claims, actions and suits, whether groundless or otherwise, and from and against any and all liabilities, losses (including amounts, if any, owing to any Bank pursuant to Section Section 5.4, 5.5, 5.6 and 5.8), settlement payments, obligations, damages and expenses of every nature and character in connection therewith, arising out of this Agreement or any of the other Loan Documents or the transactions contemplated hereby or thereby or which otherwise arise in connection with the financing, including, without limitation, (a) any actual or proposed use by the Borrower or any of its Subsidiaries of the proceeds of any of the Loans, (b) the Borrower or any of its Subsidiaries entering into or performing this Agreement or any of the other Loan Documents, or (c) pursuant to Section 8.17, in each case including, without limitation, the reasonable fees and disbursements of counsel and allocated costs of internal counsel incurred in connection with any such investigation, litigation or other proceeding, PROVIDED, HOWEVER, that the Borrower shall not be obligated under this Section 18 to indemnify any Person for liabilities arising from such Person's own gross negligence, willful misconduct or breach of this Agreement. In litigation, or the preparation therefor, the Borrower shall be entitled to select counsel reasonably acceptable to the Majority Banks, and the Agent (as approved by the Majority Banks) shall be entitled to select their own supervisory counsel, and, in addition to the foregoing indemnity, the Borrower agrees to pay promptly the reasonable fees and expenses of each such counsel. Prior to any settlement of any such litigation by the Banks, the Banks shall provide the Borrower and BPI with notice and an opportunity to address any of their concerns with the Banks, and the Banks shall not settle any litigation without first obtaining Borrower's consent thereto, which consent shall not be unreasonably withheld or delayed. If and to the extent that the obligations of the Borrower under this Section 18 are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law. The provisions of this Section 18 shall survive the repayment of the amounts owing

under the Notes and this Agreement and the termination of this Agreement and the obligations of the Banks hereunder and shall continue in full force and effect as long as the possibility of any such claim, action, cause of action or suit exists.

Section 19. SURVIVAL OF COVENANTS, ETC. All covenants, agreements, representations and warranties made herein, in the Notes, in any of the other Loan Documents or in any documents or other papers delivered by or on behalf of the Borrower or any of its Subsidiaries or BPI pursuant hereto shall be deemed to have been relied upon

by the Banks and the Agent, notwithstanding any investigation heretofore or hereafter made by any of them, and shall survive the making by the Banks of any of the Loans and the issuance, extension or renewal of any Letters of Credit, as herein contemplated, and shall continue in full force and effect so long as any Letter of Credit or any amount due under this Agreement or the Notes or any of the other Loan Documents remains outstanding or any Bank has any obligation to make any Loans or the Agent or any Fronting Bank has any obligation to issue, extend or renew any Letter of Credit. The indemnification obligations of the Borrower provided herein and in the other Loan Documents shall survive the full repayment of amounts due and the termination of the obligations of the Banks hereunder and thereunder to the extent provided herein and therein. All statements contained in any certificate or other paper delivered to any Bank or the Agent at any time by or on behalf of the Borrower or any of its Subsidiaries or BPI pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower or such Subsidiary or BPI hereunder.

Section 20. ASSIGNMENT; PARTICIPATIONS; ETC.

Section 20.1. CONDITIONS TO ASSIGNMENT BY BANKS. Except as provided herein, each Bank may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment Percentage and Commitment and the same portion of the Loans at the time owing to it, the Notes held by it and its participating interest in the risk relating to any Letters of Credit); PROVIDED that (a) the Agent and, other than during an Event of Default, the Borrower each shall have the right to approve any Eligible Assignee, which approval shall not be unreasonably withheld or delayed, it being agreed that the Agent and the Borrower must approve or reject a proposed Eligible Assignee within seven (7) days of receiving a written request from any Bank for such approval (PROVIDED that the request for approval, and the envelope in which it is delivered, is conspicuously marked with the following legend: "REQUEST FOR APPROVAL -- TIME SENSITIVE -- MUST RESPOND WITHIN SEVEN (7) DAYS") and if the Agent or the Borrower fails to respond within such seven (7) day period, such request for approval shall be deemed approved by the Agent or the Borrower, or both, as the case may be, (b) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Agreement, (c) subject to the provisions of Section 2.7, each Bank shall have at all times an amount of its Commitment of not less than $10,000,000 unless otherwise consented to by the Agent and, other than during an Event of Default, the Borrower and (d) the parties to such assignment shall execute and deliver to the Agent, for recording in the Register (as hereinafter defined), an assignment and assumption, substantially in the form of EXHIBIT F hereto (an "Assignment and Assumption"), together with any Notes subject to such assignment. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Assumption, which effective date shall be at least two (2) Business Days after the execution thereof unless otherwise agreed by the Agent (PROVIDED

any assignee has assumed the obligation to fund any outstanding Eurodollar Rate Loans), (i) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Assumption, have the rights and obligations of a Bank hereunder and thereunder, and (ii) the assigning Bank shall, to the extent provided in such assignment and upon payment to the Agent of the registration fee referred to in Section 20.3, be released from its obligations under this Agreement. Any such Assignment and Assumption shall run to the benefit of the Borrower and a copy of any such Assignment and Assumption shall be delivered by the Assignor to the Borrower.

Notwithstanding the provisions of subclause (a) of the preceding paragraph, any Bank may, without the consent of the Borrower, make an assignment otherwise permitted hereunder to (x) another Bank, and (y) an Affiliate of such Bank, PROVIDED that such Affiliate is an Eligible Assignee. Without limiting the provisions of Section 17, with respect to an assignment by a Bank to its Affiliate or to another Bank which does not require the consent of the Borrower,

unless such assignment occurs at the request of the Borrower, the Borrower shall not be responsible for any costs or expenses attributable to such assignment, all of which shall be payable by the assigning Bank.

Section 20.2. CERTAIN REPRESENTATIONS AND WARRANTIES; LIMITATIONS; COVENANTS. By executing and delivering an Assignment and Assumption, the parties to the assignment thereunder confirm to and agree with each other and the other parties hereto as follows: (a) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto; (b) the assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower and its Subsidiaries or BPI or any other Person primarily or secondarily liable in respect of any of the Obligations, or the performance or observance by the Borrower and its Subsidiaries or BPI or any other Person primarily or secondarily liable in respect of any of the Obligations of any of their obligations under this Agreement or any of the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (c) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 7.4 and Section 8.4 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (d) such assignee will, independently and without reliance upon the assigning Bank, the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (e) such assignee represents and warrants that it is an Eligible Assignee; (f) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are

delegated to the Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; (g) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Bank; (h) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Assumption; and (i) such assignee acknowledges that it has made arrangements with the assigning Bank satisfactory to such assignee with respect to its pro rata share of Letter of Credit Fees in respect of outstanding Letters of Credit.

Section 20.3. REGISTER. The Agent shall maintain a copy of each Assignment and Assumption delivered to it and a register or similar list (the "Register") for the recordation of the names and addresses of the Banks and the Commitment Percentages of, and principal amount of the Loans owing to, the Banks from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and the Banks at any reasonable time and from time to time upon reasonable prior notice. Upon each such recordation, the assigning Bank agrees to pay to the Agent a registration fee in the sum of $2,500.

Section 20.4. NEW NOTES. Upon its receipt of an Assignment and Assumption executed by the parties to such assignment, together with each Note subject to such assignment, the Agent shall (a) record the information contained therein in the Register, and (b) give prompt notice thereof to the Borrower and the Banks (other than the assigning Bank). Unless done simultaneously with the Assignment and Assumption, within two (2) Business Days after receipt of such notice, the Borrower, at its own expense, (i) shall execute and deliver to the Agent, in exchange for each surrendered Revolving Credit Note, a new Revolving Credit Note and Swingline Note or Bid Rate Note, if applicable, to the order of such Eligible Assignee in an amount equal to the amount assumed by such Eligible Assignee pursuant to such Assignment and Assumption and, if the assigning Bank has retained some portion of its obligations hereunder, a new Revolving Credit Note and other Note, if applicable, to the order of the assigning Bank in an amount equal to the amount retained by it hereunder and (ii) shall deliver an opinion from counsel to the Borrower in substantially the form delivered on the Closing Date pursuant to Section 12.9 as to such new Notes. Such new Notes shall provide that they are replacements for the surrendered Notes, shall be in an aggregate principal amount equal to the aggregate principal amount of the surrendered Notes, shall be dated the effective date of such Assignment and Assumption and shall otherwise be in substantially the form of the assigned Notes. The surrendered Notes shall be canceled and returned to the Borrower.

Section 20.5. PARTICIPATIONS. Each Bank may sell participations to one or more banks or other entities in all or a portion of such Bank's rights and obligations under this Agreement and the other Loan Documents; provided that (a) each such participation shall be in an amount of not less than $10,000,000, (b) any such sale or participation shall not

affect the rights and duties of the selling Bank hereunder to the Borrower and the Agent and the Bank shall continue to exercise all approvals, disapprovals and other functions of a Bank, (c) the only rights granted to the participant pursuant to such participation arrangements with respect to waivers, amendments or modifications of, or approvals under, the Loan Documents shall be the rights to approve waivers, amendments or modifications that would reduce the principal of or the interest rate on any Loans, extend the term or increase the amount of the Commitment of such Bank as it relates to such participant, reduce the amount of any fees to which such participant is entitled or extend any regularly scheduled payment date for principal or interest, and (d) no participant shall have the right to grant further participations or assign its rights, obligations or interests under such participation to other Persons without the prior written consent of the Agent, which consent shall not be unreasonably withheld.

Section 20.6. PLEDGE BY LENDER. Notwithstanding any other provision of this Agreement, any Bank at no cost to the Borrower may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of its Notes) to any of the twelve Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or the enforcement thereof shall release the pledgor Bank from its obligations hereunder or under any of the other Loan Documents.

Section 20.7. NO ASSIGNMENT BY BORROWER. The Borrower shall not assign or transfer any of its rights or obligations under any of the Loan Documents without prior Unanimous Bank Approval.

Section 20.8. DISCLOSURE. The Borrower agrees that, in addition to disclosures made in accordance with standard banking practices, any Bank may disclose information obtained by such Bank pursuant to this Agreement to assignees or participants and potential assignees or participants hereunder. Any such disclosed information shall be treated by any assignee or participant with the same standard of confidentiality set forth in Section 8.10.

Section 20.9. SYNDICATION. The Borrower acknowledges that each of the Agent and the Arranger intends, and shall have the right, by itself or through its Affiliates, to syndicate or enter into co-lending arrangements with respect to the Loans and the Total Commitment pursuant to this Section 20, and the Borrower agrees to cooperate with the Agent's and the Arranger's and their Affiliate's syndication and/or co-lending efforts, such cooperation to include, without limitation, the provision of information reasonably requested by potential syndicate members.

Section 21. NOTICES, ETC. Except as otherwise expressly provided in this Agreement, all notices and other communications made or required to be given pursuant to this Agreement or the Notes or any Letter of Credit Applications shall be in writing and shall be delivered in hand, mailed by United States registered or certified first class mail, postage prepaid, sent by overnight courier, or sent by facsimile and confirmed by delivery via courier or postal service, addressed as follows:

(a) if to the Borrower or BPI, at Boston Properties, Inc., 111 Huntington Avenue, Boston, Massachusetts 02199, Attention: Mr. Douglas T. Linde, Senior Vice President and Chief Financial Officer, with a copy to the General Counsel of BPLP at the address for the Borrower set forth above and to Ross D. Gillman, Esq., Goodwin Procter LLP, 599 Lexington Avenue, New York, New York 10022, or to such other address for notice as the Borrower or BPI shall have last furnished in writing to the Agent;

(b) if to the Agent, to the Real Estate Finance Department at 100 Federal Street, Boston, Massachusetts 02110, with a copy to Robert C. Avil, Director, Fleet National Bank, 115 Perimeter Center Place, Suite 500, Atlanta, Georgia 30346, or such other address for notice as the Agent shall have last furnished in writing to the Borrower, with a copy to Michael J. Haroz, Esq., Goulston & Storrs, 400 Atlantic Avenue, Boston, Massachusetts 02110-3333, or at such other address for notice as the Agent shall last have furnished in writing to the Person giving the notice; and

(c) if to any Bank, at such Bank's address set forth ON SCHEDULE 2 hereto, or such other address for notice as such Bank shall have last furnished in writing to the Person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand, overnight courier, or facsimile to the party to which it is directed, at the time of the receipt thereof by such party or the sending of such facsimile and (ii) if sent by registered or certified first-class mail, postage prepaid, on the third Business Day following the mailing thereof.

Section 22. BPLP AS AGENT FOR THE BORROWER. The Borrower (other than BPLP) hereby appoints BPLP as its agent with respect to the receiving and giving of any notices, requests, instructions, reports, certificates (including, without limitation, compliance certificates), schedules, revisions, financial statements or any other written or oral communications hereunder. The Agent and each Bank is hereby entitled to rely on any communications given or transmitted by BPLP as if such communication were given or transmitted by each and every Borrower; PROVIDED HOWEVER, that any communication given or transmitted by any Borrower other than BPLP shall be binding with respect to such Borrower. Any communication given or transmitted by the Agent or any Bank to BPLP shall be deemed given and transmitted to each and every Borrower.

Section 23. GOVERNING LAW; CONSENT TO JURISDICTION AND SERVICE. THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED THEREIN, ARE CONTRACTS UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SUCH COMMONWEALTH (EXCLUDING THE

LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW). EACH OF THE BORROWER AND ITS SUBSIDIARIES AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS SITTING IN SUFFOLK COUNTY OR ANY FEDERAL COURT SITTING IN THE EASTERN DISTRICT OF MASSACHUSETTS AND CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURTS AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER OR ITS SUBSIDIARIES BY MAIL AT THE ADDRESS SPECIFIED IN Section 21. THE BORROWER AND ITS SUBSIDIARIES HEREBY WAIVE ANY OBJECTION THAT ANY OF THEM MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

Section 24. HEADINGS. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

Section 25. COUNTERPARTS. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

Section 26. ENTIRE AGREEMENT, ETC. The Loan Documents and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in Section 27.

Section 27. WAIVER OF JURY TRIAL AND CERTAIN DAMAGE CLAIMS. EXCEPT TO THE EXTENT EXPRESSLY PROHIBITED BY LAW, THE BORROWER AND ITS SUBSIDIARIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EXCEPT TO THE EXTENT EXPRESSLY PROHIBITED BY LAW, THE BORROWER AND ITS SUBSIDIARIES HEREBY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES, INCLUDING ANY DAMAGES PURSUANT TO M.G.L. C. 93A ET SEQ. EACH OF

THE BORROWER AND ITS SUBSIDIARIES (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY BANK OR THE AGENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH BANK OR THE AGENT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE AGENT AND THE BANKS HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH THEY ARE PARTIES BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

Section 28. CONSENTS, AMENDMENTS, WAIVERS, ETC. Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement may be given, and any term of this Agreement or of

any of the other Loan Documents may be amended, and the performance or observance by the Borrower or BPI or any of their respective Subsidiaries of any terms of this Agreement or the other Loan Documents or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Majority Banks.

Notwithstanding the foregoing, Unanimous Bank Approval shall be required for any amendment, modification or waiver of this Agreement that:

(i) reduces or forgives any principal of any unpaid Loan or any interest thereon (including any interest "breakage" costs) or any fees due any Bank hereunder, or permits any prepayment not otherwise permitted hereunder; or

(ii) changes the unpaid principal amount of any Loan, reduces the rate of interest applicable to any Loan, or reduces any fee payable to the Banks hereunder; or

(iii) changes the date fixed for any payment of principal of or interest on any Loan (including, without limitation, any extension of the Maturity Date) or any fees payable hereunder (including, without limitation, the waiver of any monetary Event of Default); or

(iv) changes the amount of any Bank's Commitment (other than pursuant to an assignment permitted under Section 20.1) or increases the amount of the Total Commitment except as permitted hereunder; or

(v) modifies any provision herein or in any other Loan Document which by the terms thereof expressly requires Unanimous Bank Approval; or

(vi) changes the definitions of Majority Banks, Required Banks or Unanimous Bank Approval.

No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of the Agent or the Banks or any Bank in exercising any right shall operate as a waiver thereof or otherwise be prejudicial to such right or any other rights of the Agent or the Banks. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

Notwithstanding the foregoing, the Required Banks shall be required for any amendment, modification or waiver of this agreement that:

(i) amends any of the covenants contained in Section 10.1 through Section 10.7, inclusive or amends any of the definitions which are financial terms contained therein, or

(ii) amends any of the provisions governing funding contained in Section 2, or

(iii) changes the rights, duties or obligations of the Agent specified in Section 16 (PROVIDED that no amendment or modification to such Section 16 or to the fee payable to the Agent under this Agreement may be made without the prior written consent of the Agent and that the waiver of any fee payable to the Agent shall require only the consent of the Agent).

In addition, no amendment or modification to or waiver of the provisions of Section 2.8 may be made without the prior written consent of the Swingline Lender and, without limitation of the provisions requiring Unanimous Bank Approval or the consent of the Required Banks, no amendment or modification to or waiver of the provisions of Section 2.9 may be made without the prior written consent of those Banks holding more than 50% of the outstanding Bid Rate Loans at the applicable time of reference.

Section 29. SEVERABILITY. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision

in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

Section 30. INTEREST RATE LIMITATION. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Bank holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 30 shall be cumulated and the interest and Charges payable to such Bank in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Bank.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as a sealed instrument as of the date first set forth above.

FLEET NATIONAL BANK,
Individually and as Managing Administrative Agent

By: /s/ Jeff Z. Aycock

Name: Jeff Z. Aycock
Title: Vice President

BANK OF AMERICA, N.A.,
Individually and as Syndication Agent

By: /s/ Lesa J. Butler

Name: Lesa J. Butler
Title: Principal

COMMERZBANK AG NEW YORK AND
GRAND CAYMAN BRANCHES,
Individually and as Co-Documentation Agent

By: /s/ Christian Berry

Name: Christian Berry
Title: Vice President

By: /s/ Douglas Traynor

Name: Douglas Traynor
Title: Senior Vice President

[Signatures continued on next page]

JPMORGAN CHASE BANK,
Individually and as Co-Documentation Agent

By: /s/ Marc E. Costantino

Name: Marc E. Costantino
Title: Vice President

WELLS FARGO BANK NATIONAL
ASSOCIATION,

Individually and as Co-Documentation Agent

By: /s/ Douglas S. Novitch

Name: Douglas S. Novitch
Title: Authorized Officer

PNC BANK, NATIONAL ASSOCIATION

By: /s/ James Colella

Name: James Colella
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Rick Laudisi

Name: Rick Laudisi
Title: Vice President

[Signatures continued on next page]

CITICORP NORTH AMERICA, INC.

By: /s/ Andrew Robinson

Name: Andrew Robinson
Title: Vice President

BAYERISCHE HYPO-UND VEREINSBANK
AG, NEW YORK BRANCH

By: /s/ Helga Blum

Name: Helga Blum
Title: Director

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ Linda Wang

Name: Linda Wang
Title: Vice President

KEYBANK, N.A.

By: /s/ John C. Scott

Name: John C. Scott
Title: Assistant Vice President

[Signatures continued on next page]

DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES

By: /s/ Peter Tzelios

Name: Peter Tzelios
Title: Director

By: /s/ David Sarner

Name: David Sarner
Title: Associate

CITIZENS BANK

By: /s/ Daniel Ouellette

Name: Daniel Ouellette
Title: Senior Vice President

332 HARTWELL AVENUE, LEXINGTON, MA**

MBZ-LEX TRUST

By: Boston Properties Limited Partnership, its beneficiary

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

92 AND 100 HAYDEN AVENUE, LEXINGTON, MA

92 HAYDEN AVENUE TRUST

By: Boston Properties Limited Partnership, its beneficiary

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)

Douglas T. Linde
Senior Vice President and
Chief Financial Officer

THE CANDLER BUILDING, 111 MARKET PLACE,
BALTIMORE, MD

CANDLER ASSOCIATES L.L.C.

By: Boston Properties Limited Partnership,
its managing member

By: Boston Properties, Inc.,
its general partner

By: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
-------------------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
-------------------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
-------------------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

ONE TOWER CENTER, EAST BRUNSWICK, NJ

SCV PARTNERS

By: BP III LLC, its general partner

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
-------------------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

201 CARNEGIE CENTER, PRINCETON, NJ

PRINCETON CHILDCARE 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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and Chief Financial Officer

399 PARK AVENUE, NEW YORK, NY

195 WEST STREET, WALTHAM, 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

7375 BOSTON BOULEVARD, BUILDING TEN, SPRINGFIELD, VA

7300 BOSTON BOULEVARD, BUILDING THIRTEEN, SPRINGFIELD, VA

8000 CORPORATE COURT, BUILDING ELEVEN, SPRINGFIELD, VA

38 CABOT BOULEVARD, BUCKS COUNTY, PA

365 HERNDON PARKWAY (SUGARLAND I), HERNDON, VA

397 HERNDON PARKWAY (SUGARLAND II), HERNDON, VA

164 LEXINGTON ROAD, BILLERICA, MA

THE ARBORETUM, 12700 SUNRISE VALLEY DRIVE, RESTON, VA

502 CARNEGIE CENTER, PRINCETON, NJ

RESIDENCE INN, CAMBRIDGE, MA

212 CARNEGIE CENTER, PRINCETON, NJ

NEWPORT OFFICE CENTER, QUINCY, MA

ORBITAL SCIENCES - PHASE I, DULLES, VA

DECOVERLY THREE, 15204 OMEGA DRIVE, ROCKVILLE, MD

7450 BOSTON BOULEVARD, BUILDING THREE, SPRINGFIELD, VA

200 WEST STREET, WALTHAM, MA

Broad Run Business Park Building E,
MORAN ROAD, LEESBURG VA

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its sole general partner

By: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

[Signatures continued on next page]

ACKNOWLEDGED AND AGREED:

BOSTON PROPERTIES, INC.

By: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

SCHEDULE 1

MBZ-LEX Trust
ZEE EM Trust II
WP Trust
Tracer Lane Trust II
Hayden Office Trust
92 Hayden Avenue Trust
Elandzee Trust
40-46 Harvard Street Trust
ZEE BEE Trust II
One Cambridge Center Trust
Three Cambridge Center Trust
Eleven Cambridge Center Trust
Fourteen Cambridge Center Trust
School Street Associates Limited Partnership
Downtown Boston Properties Trust
Two Cambridge Center Trust
Decoverly Two Limited Partnership
Candler Associates L.L.C.
Carnegie Center Associates
210 Associates Limited Partnership
211 Associates Limited Partnership
Cambridge Center North Trust
Decoverly Seven Limited Partnership
SCV Partners
Princeton Childcare Associates Limited Partnership

SCHEDULE 2

Bank	Commitment Amount	Commitment Percentage
Fleet National		

Bank $ 68,500,000 11.32% One Federal Street Boston, MA 02109 Bank of America, N.A. $ 68,500,000 11.32% TX1-492-64-01 901 Main Street 64th Floor Dallas, TX 75202-3714 Commerzbank AG New York and $ 56,000,000 9.26% Grand Cayman Branches 2 World Financial Center New York, NY 10281-1050 JPMorgan Chase Bank $ 56,000,000 9.26% 270 Park Avenue New York, NY 10017 Wells Fargo Bank National Association $ 56,000,000 9.26% 121 High Street, 5th Floor Boston, MA 02110 PNC Bank, National Association $ 40,000,000 6.61% One PNC Plaza 249 Fifth Avenue Mail Stop P1-P0PP-19-2 Pittsburgh, PA 15222 The Bank of New York $ 40,000,000 6.61% One Wall Street New York, NY 10286 Bayerische Hypo- Und Vereinsbank $ 40,000,000 6.61% AG,

New York
Branch 150
East 42nd
Street New
York, NY
10017-4679

Dresdner Bank AG, New York and Grand Cayman Branches 75 Wall Street New York, NY 10005	$ 40,000,000	6.61%
Citicorp North America, Inc. 399 Park Avenue, 16th Floor New York, NY 10043	$ 40,000,000	6.61%
KeyBank, N.A. 127 Public Square Cleveland, OH 44114	$ 40,000,000	6.61%
Deutsche Bank Trust Company Americas c/o Deutsche Bank Securities, Inc. 200 Crescent Court Suite 550 Dallas, TX 75201	$ 35,000,000	5.79%
Citizens Bank 28 State Street Boston, MA 02109	$ 25,000,000	4.13%
TOTAL	$ 605,000,000	100%

SCHEDULE 3
BORROWING BASE PROPERTIES

32 Hartwell Avenue, Lexington, MA

Waltham Office Center, Waltham, MA

204 Second Avenue, Waltham, MA

170 Tracer Lane, Waltham, MA

33 Hayden Avenue, Lexington, MA

92 & 100 Hayden Avenue, Lexington, MA

Lexington Office Park, 420-430 Bedford Street, Lexington, MA

40-46 Harvard Street, Westwood, MA

17 Hartwell Avenue, Lexington, MA

One Cambridge Center, Cambridge, MA

Three Cambridge Center, Cambridge, MA

Eleven Cambridge Center, Cambridge, MA

Fourteen Cambridge Center, Cambridge, MA

500 E Street, S.W., Washington, D.C.

Long Wharf Marriott, Boston, MA

Cambridge Center Marriott, Cambridge, MA

Decoverly Two, Rockville, MD

Decoverly Seven, 9509 Key West Avenue, Rockville, MD

The Candler Building, 111 Market Place, Baltimore, MD

One Tower Center, East Brunswick, NJ

104 Carnegie Center, Princeton, NJ

105 Carnegie Center, Princeton, NJ

210 Carnegie Center, Princeton, NJ

211 Carnegie Center, Princeton, NJ

212 Carnegie Center, Princeton, NJ

Cambridge Center North Garage, Cambridge, MA

195 West Street, Waltham, 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 Boston Boulevard, Building Six, Springfield, VA

7501 Boston Boulevard, Building Seven, Springfield, VA

7601 Boston Boulevard, Building Eight, Springfield, VA

7375 Boston Boulevard, Building Ten, Springfield, VA

8000 Corporate Court, Building Eleven, Springfield, VA

7300 Boston Boulevard, Building Thirteen, Springfield, VA

38 Cabot Boulevard, Bucks County, PA

365 Herndon Parkway (Sugarland I), Herndon, VA

397 Herndon Parkway (Sugarland II), Herndon, VA

164 Lexington Road, Billerica, MA

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

Newport Office Park, Quincy, MA

Orbital Sciences-Phase I, Dulles, VA

399 Park Avenue, New York, NY

201 Carnegie Center, Princeton, NJ

Broad Run Business Park Building E, Moran Road, Leesburg, VA

SCHEDULE 4

CBD PROPERTIES

1 Cambridge Center

3 Cambridge Center

8 Cambridge Center

10 Cambridge Center

11 Cambridge Center

14 Cambridge Center

Cambridge Center North Garage

Long Wharf Marriott Hotel

One Embarcadero Center

Two Embarcadero Center

Three Embarcadero Center

Four Embarcadero Center

Federal Reserve Building

Embarcadero Center West Tower

599 Lexington Avenue

Metropolitan Square

901 New York Avenue

1301 New York Avenue

Capital Gallery

280 Park Avenue

Prudential Tower

Antenna Income @ Pru Tower

101 Huntington Avenue

The Shops at the Prudential Center

Lord & Taylors @ Prudential Center

Saks @ Prudential Center

Shaw's Supermarket @ Prudential Center (currently under development)

Prudential Center Garage

500 E Street

Sumner Square

875 Third Avenue

2300 N Street

111 Huntington Avenue

Times Square Tower (Site 1)

5 Times Square

University Place

399 Park Avenue

Citigroup Center

265 Franklin Street

Market Square North

SCHEDULE 7.1(b)

PREFERRED CREDITOR EQUITY

None.

SCHEDULE 7.7

LITIGATION

None.

SCHEDULE 7.16

EMPLOYEE BENEFIT PLANS

Boston Properties maintains a supplemental retirement plan for a very limited number of specified non-senior executive officer employees. In addition, Boston Properties is obligated to make contributions or other payments to retirement plans on behalf of certain employees located in New York City pursuant to collective bargaining agreements to which Boston Properties is bound. These obligations are not, individually or in the aggregate, material to BPI, BPLP or, taken as a whole, the BP Group.

SCHEDULE 7.19

SUBSIDIARIES

See attached chart

SCHEDULE 8.5(b)

ENVIRONMENTAL MATTERS

Those matters identified in the Form 10-K filed with BPI with the SEC for fiscal year 2001 on pages 13-14 therein.

SCHEDULE 9.1(e)

BPI LIABILITIES

Liabilities relating to organizational matters (including liabilities of BPI as the general partner of the Borrower and as a partner or member of subsidiaries of the Borrower).

Liabilities relating to 100 East Pratt Street, Baltimore, Maryland.

Liabilities arising in connection with service contracts, management contracts, employment and employee-benefit related agreements, letters of intent, brokerage agreements, confidentiality agreements, development agreements and similar types of agreements.

Liabilities arising in connection with litigation or other similar actions arising in the ordinary course of business.

Liabilities of the same or similar kind or nature as those liabilities described above which are not, individually or in the aggregate, material to BPI, BPLP or, taken as a whole, the BP Group

SCHEDULE 9.3

INVESTMENTS

See attached chart (identical to Schedule 7.19)

EXHIBIT A

[AMENDED AND RESTATED]

REVOLVING CREDIT NOTE

$_____ Date: _____

FOR VALUE RECEIVED, the undersigned Boston Properties Limited Partnership, a Delaware limited partnership, and each of the other undersigned parties and other parties who are or from time to time become a Borrower under (and as defined in) the Revolving Credit Agreement referred to below _____ (hereinafter, together with their respective successors in title and assigns, collectively called the "Borrower"), by this promissory note (hereinafter, called "this Note"), absolutely and unconditionally and jointly and severally promise to pay to the order of (hereinafter, together with its successors in title and assigns, called the "Bank"), the principal sum of _____ Million and 00/100 Dollars ($_____), or so much thereof as shall have been advanced by the Bank to the Borrower by way of Revolving Credit Loans under (and as defined in) the Revolving Credit Agreement and shall remain outstanding, such payment to be made as hereinafter provided, and to pay interest on the principal sum outstanding hereunder from time to time from and after the date hereof until the said principal sum or the unpaid portion thereof shall have become due and payable as hereinafter provided.

Capitalized terms used herein without definition shall have the meanings set forth in the Revolving Credit Agreement.

The unpaid principal (not at the time overdue) under this Note shall bear interest at the rate or rates from time to time in effect under the Revolving Credit Agreement. Accrued interest on the unpaid principal under this Note shall be payable on the dates specified in the Revolving Credit Agreement.

On the Maturity Date there shall become absolutely due and payable by the Borrower hereunder, and the Borrower hereby promises to pay to the Bank, the balance (if any) of the principal hereof then remaining unpaid, all of the unpaid interest accrued hereon and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby.

Each overdue amount (whether of principal, interest or otherwise) payable on or in respect of this Note or the indebtedness evidenced hereby shall (to the extent permitted by applicable law) bear interest at the rates and on the terms provided in the Revolving Credit Agreement. The unpaid interest accrued on each overdue amount in accordance with the foregoing terms of this paragraph shall become and be absolutely due and payable by the Borrower to Bank on demand by the Agent. Interest on each overdue

amount will continue to accrue as provided by the foregoing terms of this paragraph, and will (to the extent permitted by applicable law) be compounded daily until the obligations of the Borrower in respect of the payment of such overdue amount shall be discharged (whether before or after judgment).

Each payment of principal, interest or other sum payable on or in respect of this Note or the indebtedness evidenced hereby shall be made by the Borrower directly to the Agent in Dollars, for the account of the Bank, at the Agent's Head Office, on the due date of such payment, and in immediately available and freely transferable funds. All payments on or in respect of this Note or the indebtedness evidenced hereby shall be made without set-off or counterclaim and free and clear of and without any deductions, withholdings, restrictions or conditions of any nature.

This Note is made and delivered by the Borrower to the Bank pursuant to a Third Amended and Restated Revolving Credit Agreement, dated as of January __, 2003, among (i) the Borrower, (ii) the Banks party thereto and (iii) the Bank[, in its capacity as a Bank and as Agent] (hereinafter, as originally executed, and as varied, supplemented, amended and/or restated, called the "Revolving Credit Agreement"). This Note evidences the obligations of the Borrower (a) to repay the principal amount of the Bank's Commitment Percentage of the Revolving Credit Loans made by the Bank to the Borrower pursuant to the Revolving Credit Agreement; (b) to pay interest, as herein provided, on the principal amount hereof remaining unpaid from time to time; and (c) to pay other amounts which may become due and payable hereunder or thereunder. Reference is hereby made to the Revolving Credit Agreement (including the EXHIBITS annexed thereto) for a complete statement of the terms thereof.

The Borrower has the right to prepay the unpaid principal of this Note in full or in part upon the terms contained in the Revolving Credit Agreement. The Borrower has an obligation to prepay principal of this Note from time to time if and to the extent required under, and upon the terms contained in, the Revolving Credit Agreement. Any partial payment of the indebtedness evidenced by this Note shall be applied in accordance with the terms of the Revolving Credit Agreement.

Pursuant to and upon the terms contained in Section 14 of the Revolving Credit Agreement, the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby may be declared to be immediately due and payable, whereupon the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby shall (if not already due and payable) forthwith become and be, or the same may, as provided in said Section 14, automatically become, due and payable to the Bank without presentment, demand, protest or any other formalities of any kind, all of which are hereby expressly and irrevocably

waived by the Borrower, excepting only for notice expressly provided for in the Revolving Credit Agreement.

All computations of interest payable as provided in this Note shall be made by the Agent on the basis of the actual number of days elapsed divided by 360. The interest rate in effect from time to time shall be determined in accordance with the terms of the Revolving Credit Agreement.

Should all or any part of the indebtedness represented by this Note be collected by action at law, or in bankruptcy, insolvency, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Borrower hereby promises to pay to the holder of this Note, upon demand by the holder hereof at any time, in addition to principal, interest and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby, all court costs and attorneys' fees and all other collection charges and expenses reasonably incurred or sustained by the holder of this Note.

The Borrower hereby irrevocably waives notice of acceptance, presentment, notice of nonpayment, protest, notice of protest, suit and all other conditions precedent in connection with the delivery, acceptance, collection and/or enforcement of this Note, except for notices expressly provided for in the Revolving Credit Agreement. The Borrower hereby absolutely and irrevocably consents and submits to the jurisdiction of the Courts of the Commonwealth of Massachusetts sitting in Suffolk County and of any Federal Court located in the Eastern District of Massachusetts in connection with any actions or proceedings brought against the Borrower by the holder hereof arising out of or relating to this Note. This Note may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

(Remainder of page intentionally left blank)

This Note is intended to take effect as a sealed instrument. This Note and the obligations of the Borrower hereunder shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Massachusetts.

Each Borrower shall be jointly and severally liable for the full amount owing under this Note.

IN WITNESS WHEREOF, this REVOLVING CREDIT NOTE has been duly executed by the undersigned on the day and in the year first above written in Boston, Massachusetts.

332 HARTWELL AVENUE, LEXINGTON, MA**

MBZ-LEX TRUST

By: Boston Properties Limited Partnership, its beneficiary

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
----------(SEAL)

Douglas T. Linde
Senior Vice President and
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.

WALTHAM OFFICE CENTER, WALTHAM, MA

ZEE EM TRUST II

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

204 SECOND AVENUE, WALTHAM, MA

WP TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and

Chief Financial Officer

92 AND 100 HAYDEN AVENUE, LEXINGTON, MA

92 HAYDEN AVENUE TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde

Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

THE CANDLER BUILDING, 111 MARKET PLACE,
BALTIMORE, MD

CANDLER ASSOCIATES L.L.C.

By: Boston Properties Limited Partnership,
its managing member

By: Boston Properties, Inc., its general
partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

ONE TOWER CENTER, EAST BRUNSWICK, NJ

SCV PARTNERS

By: BP III LLC, its general partner

By: Boston Properties Limited
Partnership, its managing member

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

201 CARNEGIE CENTER, PRINCETON, NJ

PRINCETON CHILDCARE 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: /s/ Douglas T. Linde
---------- (SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

399 PARK AVENUE, NEW YORK, NY

195 WEST STREET, WALTHAM, 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

7375 BOSTON BOULEVARD, BUILDING TEN,
SPRINGFIELD, VA

7300 BOSTON BOULEVARD, BUILDING THIRTEEN,
SPRINGFIELD, VA

8000 CORPORATE COURT, BUILDING ELEVEN,
SPRINGFIELD, VA

38 CABOT BOULEVARD, BUCKS COUNTY, PA

365 HERNDON PARKWAY (SUGARLAND I),
HERNDON, VA

397 HERNDON PARKWAY (SUGARLAND II),
HERNDON, VA

164 LEXINGTON ROAD, BILLERICA, MA

THE ARBORETUM, 12700 SUNRISE VALLEY DRIVE,
RESTON, VA

502 CARNEGIE CENTER, PRINCETON, NJ

RESIDENCE INN, CAMBRIDGE, MA

212 CARNEGIE CENTER, PRINCETON, NJ

NEWPORT OFFICE CENTER, QUINCY, MA

ORBITAL SCIENCES - PHASE I, DULLES, VA

DECOVERLY THREE, 15204 OMEGA DRIVE, ROCKVILLE,
MD

7450 BOSTON BOULEVARD, BUILDING THREE,
SPRINGFIELD, VA

200 WEST STREET, WALTHAM, MA

Broad Run Business Park Building E,
MORAN ROAD, LEESBURG VA 20175

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its sole general partner

By: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

SWINGLINE NOTE

$60,000,000 Date: January __, 2003

FOR VALUE RECEIVED, the undersigned Boston Properties Limited Partnership, a Delaware limited partnership, and each of the other undersigned parties and other parties who are or from time to time become a Borrower under (and as defined in) the Revolving Credit Agreement referred to below (hereinafter, together with their respective successors in title and assigns, collectively called the "Borrower"), by this promissory note (hereinafter, called "this Note"), absolutely and unconditionally and jointly and severally promise to pay to the order of FLEET NATIONAL BANK (hereinafter, together with its successors in title and assigns, called the "Bank"), the principal sum of Sixty Million and 00/100 Dollars ($60,000,000), or so much thereof as shall have been advanced by the Bank to the Borrower by way of Swingline Loans under (and as defined in) the Revolving Credit Agreement and shall remain outstanding, such payment to be made as hereinafter provided, and to pay interest on the principal sum outstanding hereunder from time to time from and after the date hereof until the said principal sum or the unpaid portion thereof shall have become due and payable as hereinafter provided.

Capitalized terms used herein without definition shall have the meanings set forth in the Revolving Credit Agreement.

The unpaid principal (not at the time overdue) under this Note shall bear interest at the rate or rates from time to time in effect under the Revolving Credit Agreement. Accrued interest on the unpaid principal under this Note shall be payable on the dates specified in the Revolving Credit Agreement.

On the maturity date of any particular Swingline Loan as provided in the Revolving Credit Agreement, and in any event on the Maturity Date, there shall become absolutely due and payable by the Borrower hereunder, and the Borrower hereby promises to pay to the Bank, the balance (if any) of the principal hereof then remaining unpaid, all of the unpaid interest accrued hereon and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby.

Each overdue amount (whether of principal, interest or otherwise) payable on or in respect of this Note or the indebtedness evidenced hereby shall (to the extent permitted by applicable law) bear interest at the rates and on the terms provided in the Revolving Credit Agreement. The unpaid interest accrued on each overdue amount in accordance with the foregoing terms of this paragraph shall become and be absolutely due and payable by the Borrower to Bank on demand by the Agent. Interest on each overdue

amount will continue to accrue as provided by the foregoing terms of this paragraph, and will (to the extent permitted by applicable law) be compounded daily until the obligations of the Borrower in respect of the payment of such overdue amount shall be discharged (whether before or after judgment).

Each payment of principal, interest or other sum payable on or in respect of this Note or the indebtedness evidenced hereby shall be made by the Borrower directly to the Agent in Dollars, for the account of the Bank, at the Agent's Head Office, on the due date of such payment, and in immediately available and freely transferable funds. All payments on or in respect of this Note or the indebtedness evidenced hereby shall be made without set-off or counterclaim and free and clear of and without any deductions, withholdings, restrictions or conditions of any nature.

This Note is made and delivered by the Borrower to the Bank pursuant to a Third Amended and Restated Revolving Credit Agreement, dated as of January __, 2003, among (i) the Borrower, (ii) the Banks party thereto and (iii) the Bank, in its capacity as a Bank and as Agent (hereinafter, as originally executed, and as varied, supplemented, amended and/or restated, called the "Revolving Credit Agreement"). This Note evidences the obligations of the Borrower (a) to repay the principal amount of the Swingline Loans made by the Bank to the Borrower pursuant to the Revolving Credit Agreement; (b) to pay interest, as herein provided, on the principal amount hereof remaining unpaid from time to time; and (c) to pay other amounts which may become due and payable hereunder or thereunder. Reference is hereby made to the Revolving Credit Agreement (including the EXHIBITS annexed thereto) for a complete statement of the terms thereof.

The Borrower has the right to prepay the unpaid principal of this Note in full or in part upon the terms contained in the Revolving Credit Agreement. The Borrower has an obligation to prepay principal of this Note from time to time if and to the extent required under, and upon the terms contained in, the Revolving Credit Agreement. Any partial payment of the indebtedness evidenced by this Note shall be applied in accordance with the terms of the Revolving Credit Agreement.

Pursuant to and upon the terms contained in Section 14 of the Revolving Credit Agreement, the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby may be declared to be immediately due and payable, whereupon the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby shall (if not already due and payable) forthwith become and be, or the same may, as provided in said Section 14, automatically become, due and payable to the Bank without presentment, demand, protest or any other formalities of any kind, all of which are hereby expressly and irrevocably

waived by the Borrower, excepting only for notice expressly provided for in the Revolving Credit Agreement.

All computations of interest payable as provided in this Note shall be made by the Agent on the basis of the actual number of days elapsed divided by 360. The interest rate in effect from time to time shall be determined in accordance with the terms of the Revolving Credit Agreement.

Should all or any part of the indebtedness represented by this Note be collected by action at law, or in bankruptcy, insolvency, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Borrower hereby promises to pay to the holder of this Note, upon demand by the holder hereof at any time, in addition to principal, interest and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby, all court costs and attorneys' fees and all other collection charges and expenses reasonably incurred or sustained by the holder of this Note.

The Borrower hereby irrevocably waives notice of acceptance, presentment, notice of nonpayment, protest, notice of protest, suit and all other conditions precedent in connection with the delivery, acceptance, collection and/or enforcement of this Note, except for notices expressly provided for in the Revolving Credit Agreement. The Borrower hereby absolutely and irrevocably consents and submits to the jurisdiction of the Courts of the Commonwealth of Massachusetts sitting in Suffolk County and of any Federal Court located in the Eastern District of Massachusetts in connection with any actions or proceedings brought against the Borrower by the holder hereof arising out of or relating to this Note. This Note may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

(Remainder of page intentionally left blank)

This Note is intended to take effect as a sealed instrument. This Note and the obligations of the Borrower hereunder shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Massachusetts.

Each Borrower shall be jointly and severally liable for the full amount owing under this Note.

IN WITNESS WHEREOF, this SWINGLINE NOTE has been duly executed by the undersigned on the day and in the year first above written in Boston, Massachusetts.

332 HARTWELL AVENUE, LEXINGTON, MA**

MBZ-LEX TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President

- ----------
** 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.

and Chief Financial Officer

204 SECOND AVENUE, WALTHAM, MA

WP TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

92 AND 100 HAYDEN AVENUE, LEXINGTON, MA

92 HAYDEN AVENUE TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

THE CANDLER BUILDING, 111 MARKET PLACE, BALTIMORE, MD

CANDLER ASSOCIATES L.L.C.

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

ONE TOWER CENTER, EAST BRUNSWICK, NJ

SCV PARTNERS

By: BP III LLC, its general partner

By: Boston Properties Limited
Partnership, its managing member

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

201 CARNEGIE CENTER, PRINCETON, NJ

PRINCETON CHILDCARE 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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

399 PARK AVENUE, NEW YORK, NY

195 WEST STREET, WALTHAM, 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

7375 BOSTON BOULEVARD, BUILDING TEN,
SPRINGFIELD, VA

7300 BOSTON BOULEVARD, BUILDING THIRTEEN,
SPRINGFIELD, VA

8000 CORPORATE COURT, BUILDING ELEVEN,
SPRINGFIELD, VA

38 CABOT BOULEVARD, BUCKS COUNTY, PA

365 HERNDON PARKWAY (SUGARLAND I),
HERNDON, VA

397 HERNDON PARKWAY (SUGARLAND II),
HERNDON, VA

164 LEXINGTON ROAD, BILLERICA, MA

THE ARBORETUM, 12700 SUNRISE VALLEY DRIVE,
RESTON, VA

502 CARNEGIE CENTER, PRINCETON, NJ

RESIDENCE INN, CAMBRIDGE, MA

212 CARNEGIE CENTER, PRINCETON, NJ

NEWPORT OFFICE CENTER, QUINCY, MA

ORBITAL SCIENCES - PHASE I, DULLES, VA

DECOVERLY THREE, 15204 OMEGA DRIVE, ROCKVILLE,
MD

7450 BOSTON BOULEVARD, BUILDING THREE,
SPRINGFIELD, VA

200 WEST STREET, WALTHAM, MA

Broad Run Business Park Building E,
MORAN ROAD, LEESBURG VA 20175

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its sole general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

EXHIBIT B

LOAN REQUEST

This Loan Request is made pursuant to Section 2.4/Section 2.5/Section 2.8 of the Third Amended and Restated Revolving Credit Agreement dated as of January

__, 2003 among Boston Properties Limited Partnership (the "Borrower"), Fleet National Bank individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Loan Request have the meanings described in the Credit Agreement.

Each Loan Request submitted by the Borrower shall be a request for a single Loan or Letter of Credit.

1. The Borrower hereby requests (check each applicable item):

/ / New Revolving Credit Loan ($_____)
/ / New Swingline Loan ($_____)
/ / Conversion of Existing Revolving Credit Loan ($_____)
(Current Interest Period ending on _____, 20__)
/ / Continuation of Existing Revolving Credit Loan ($_____)
(Current Interest Period ending on _____, 20__)
/ / Letter of Credit (Fronting Bank is _____)

2. The Type of Loan being requested in this Loan Request (if any) is:

/ / Prime Rate Loan
/ / Eurodollar Rate Loan

3. The aggregate principal amount of the Loan or the amount of the Letter of Credit requested (whether by way of a new advance, continuation or conversion) in this Loan Request is:

$
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4. The proposed Drawdown Date of the Revolving Credit Loan, drawdown date of the Swingline Loan or the date of issue, extension or renewal of the Letter of Credit requested in this Loan Request is:

_____, 20__

5. The Interest Period requested for the Loan requested in this Loan Request (if any) is:

_____ through _____.

WITNESS my hand this ____ day of _____, 20__.

BOSTON PROPERTIES LIMITED PARTNERSHIP, for itself and as agent for each other Borrower

By: Boston Properties, Inc., its general partner

By:

Title:

EXHIBIT C

(Exhibit C consists of Exhibits C-1 through C-7)

EXHIBIT C-1

COMPLIANCE CERTIFICATE OF CHIEF FINANCIAL OFFICER, TREASURER OR CONTROLLER
(Loan Request)

The undersigned (collectively, the "Borrower") HEREBY CERTIFIES THAT:

This Compliance Certificate is furnished pursuant to Section 2.4(iv)(c), Section 2.8, Section 2.9, Section 3.1.1 and/or Section 13.1 of the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 among the Borrower, Fleet National Bank, individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Compliance Certificate and Schedule 1 attached hereto have the meanings described in the Credit Agreement.

Schedule 1 attached hereto sets forth the financial data and computations evidencing the Borrower's compliance with the covenants contained in Section 10 of the Credit Agreement and with the definition of Borrowing Base Availability on a pro-forma basis after giving effect to the requested Loan and/or Letter of Credit, all of which data and computations, to the best knowledge and belief of the chief financial officer or treasurer executing and delivering this Compliance Certificate on behalf of the Borrower (the "Chief Financial Officer" or "Treasurer", as the case may be), are true, complete and correct.

The activities of the Borrower, BPI and their respective Subsidiaries since the date of the last Compliance Certificate submitted by the Borrower to the Agent have been reviewed by the Chief Financial Officer/Treasurer and/or by employees or agents under his/her immediate supervision. Based upon such review, to the best knowledge and belief of the Chief Financial Officer/Treasurer, both before and after giving effect to the requested Loan and/or Letter of Credit, (1) no Default or Event of Default exists on the date hereof or will exist under the Credit Agreement or any other Loan Document on the Drawdown Date (or drawdown date) of such Loan or the date of [issue] [extension or renewal] of such Letter of Credit, and (2) after taking into account such requested Loan or Letter of Credit, no Default or Event of Default will exist as of the Drawdown Date or drawdown date of such Loan or date of [issue] [extension or renewal] of such Letter of Credit.

To the best knowledge and belief of the Chief Financial Officer/Treasurer, each of the representations and warranties of the Borrower and BPI contained in the Credit

Agreement, the other Loan Documents or in any document or instrument delivered pursuant to or in connection with the Credit Agreement was true as of the date as of which they were made and is also true at and as of the date hereof and will be true at and as of the time of the making of the requested Loan or the [issuance] [extension or renewal] of the requested Letter of Credit, with the same effect as if made at and as of that time except to the extent that such representations and warranties relate expressly to an earlier date.

The Chief Financial Officer/Treasurer/Controller certifies that he/she is authorized to execute and deliver this Compliance Certificate on behalf of each Borrower.

WITNESS my hand this _ day of _____, 20__

BOSTON PROPERTIES LIMITED
PARTNERSHIP, for itself and as agent for
each other Borrower

By: Boston Properties, Inc., its
general partner

By:

Title:

EXHIBIT C-2

COMPLIANCE CERTIFICATE OF CHIEF FINANCIAL OFFICER
(Borrower Financial Statements)

The undersigned (the "Borrower") HEREBY CERTIFIES THAT:

This Compliance Certificate is furnished pursuant to Section 8.4(e) of the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 among the Borrower, Fleet National Bank, individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Compliance Certificate and Schedule 1 attached hereto have the meanings described in the Credit Agreement.

As required by Section 8.4(e) of the Credit Agreement, financial statements of the Borrower and its respective subsidiaries (as defined in the Credit Agreement) for the [year] [quarter] ended 20_ (the "Financial Statements") prepared in accordance with GAAP (subject, in the case of quarterly statements, to year-end adjustments none of which are anticipated to be materially adverse, except as specifically disclosed in this Compliance Certificate) accompany this

Compliance Certificate. The Financial Statements present fairly the financial position of the Borrower and its subsidiaries (as defined in the Credit Agreement) as at the date thereof and the results of operations of the Borrower and its subsidiaries for the period covered thereby.

Schedule 1 attached hereto sets forth the financial data and computations evidencing the Borrower's compliance with the covenants contained in Section 10 of the Credit Agreement, all of which data and computations, to the best knowledge and belief of the chief financial officer executing and delivering this Compliance Certificate on behalf of the Borrower (the "Chief Financial Officer"), are true, complete and correct.

The activities of the Borrower and its Subsidiaries (as defined in the Credit Agreement) during the period covered by the Financial Statements have been reviewed by the Chief Financial Officer and/or by employees or agents under his immediate supervision. Based upon such review, during the period covered by the Financial Statements, and as of the date of this Certificate, no Default or Event of Default has occurred and is continuing of which (i) the Borrower has knowledge, and (ii) the Agent has not previously given notice, except as specifically disclosed in this Compliance Certificate.

The Chief Financial Officer certifies that he is authorized to execute and deliver

this Compliance Certificate on behalf of the Borrower.

WITNESS our hands this _____ day of _____, 20__.

BOSTON PROPERTIES LIMITED
PARTNERSHIP, for itself and as agent for
each other Borrower

By: Boston Properties, Inc., its
general partner

By:

Title: Chief Financial Officer

EXHIBIT C-3

[Intentionally Omitted.]

EXHIBIT C-4

COMPLIANCE CERTIFICATE OF CHIEF FINANCIAL OFFICER OR TREASURER

(Disposition/Removal of Borrowing Base Properties)

The undersigned (the "Borrower") HEREBY CERTIFIES THAT: This Compliance Certificate is furnished pursuant to Section 8.14/Section 9.4(a) or (b)/Section 14.1 of the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 among the Borrower, Fleet National Bank, individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). The Borrower hereby gives the Agent notice of its intention to Sell a Borrowing Base Property or to grant an Indebtedness Lien on a Borrowing Base Property or remove a Borrowing Base Property from the Borrowing Base pursuant to Section 8.14/Section 9.4(a) or (b)/Section 14.1 of the Credit Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate and Schedule 1 attached hereto have the meanings described in the Credit Agreement.

Schedule 1 attached hereto sets forth the financial data and computations evidencing the Borrower's compliance with the covenants contained in Section 10 of the Credit Agreement on a PRO FORMA basis after giving effect to such proposed Sale, Indebtedness Lien or removal of a Real Estate Asset from the Borrowing Base and all liabilities, fixed or contingent, pursuant thereto, all of which data and computations, to the best knowledge and belief of the chief financial officer or treasurer executing and delivering this Compliance Certificate on behalf of the Borrower (the "Chief Financial Officer" or

"Treasurer", as the case may be), are true, complete and correct.

The activities of the Borrower, BPI and their respective Subsidiaries (as defined in the Credit Agreement) have been reviewed by the Chief Financial Officer/Treasurer and/or by employees or agents under his/her immediate supervision. Based upon such review, to the best knowledge and belief of the Chief Financial Officer/Treasurer, both before and after giving effect to the proposed Sale or Indebtedness Lien, no Default or Event of Default exists or will exist under any Loan Document.

The Chief Financial Officer/Treasurer certifies that he/she is authorized to execute and deliver this Compliance Certificate on behalf of the Borrower and BPI.

WITNESS our hands this _____ day of _____, 20__.

BOSTON PROPERTIES LIMITED
PARTNERSHIP, for itself and as agent for
each other Borrower

By: Boston Properties, Inc., its
general partner

By:

Title:

EXHIBIT C-5

COMPLIANCE CERTIFICATE OF CHIEF FINANCIAL OFFICER OR TREASURER
(Designation of Real Estate Asset as a Borrowing Base Property)

The undersigned (the "Borrower") HEREBY CERTIFIES THAT:

This Compliance Certificate is furnished pursuant to the definition of "Borrowing Base Properties" set forth in Section 1.1 of the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 among the Borrower, Fleet National Bank, individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). The Borrower hereby gives the Agent notice of its intention to designate an Unencumbered Asset as a Borrowing Base Property pursuant to clause (f) of the definition of "Borrowing Base Properties" set forth in Section 1.1 of the Credit Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate and Schedule 1 attached hereto have the meanings described in the Credit Agreement.

The designated Unencumbered Asset meets the criteria for Borrowing Base Properties set forth in Section 1.1 of the Credit Agreement [except _____].

Schedule 1 attached hereto sets forth the financial data and computations evidencing the Borrower's compliance with the covenants contained in Section 10 of the Credit Agreement on a PRO FORMA basis after giving effect to such proposed designation, all of which data and computations, to the best knowledge and belief of the chief financial officer or treasurer executing and delivering this Compliance Certificate on behalf of the Borrower (the "Chief Financial Officer" or "Treasurer", as the case may be), are true, complete and correct.

The activities of the Borrower, BPI and their respective Subsidiaries (as defined in the Credit Agreement) have been reviewed by the Chief Financial Officer/Treasurer and/or by employees or agents under his/her immediate supervision. Based upon such review, to the best knowledge and belief of the Chief Financial Officer/Treasurer, both before and after giving effect to such designation, no Default or Event of Default exists or will exist under any Loan Document.

The Chief Financial Officer/Treasurer certifies that he/she is authorized to execute and deliver this Compliance Certificate on behalf of the Borrower and BPI.

WITNESS our hands this _____ day of _____, 200_.

BOSTON PROPERTIES LIMITED
PARTNERSHIP, for itself and as agent for
each other Borrower

By: Boston Properties, Inc., its
general partner

By:

Title:

EXHIBIT C-6

COMPLIANCE CERTIFICATE OF CHIEF FINANCIAL OFFICER OR
TREASURER

(Subsidiary/Non-Borrower Indebtedness Default)

The undersigned (the "Borrower") HEREBY CERTIFIES THAT: This Compliance Certificate is furnished pursuant to Section 14.1(f) of the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 among the Borrower, Fleet National Bank, individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). The Borrower hereby gives the Agent notice of a condition described in Section 14.1(f) of the Credit Agreement relating solely to a non-Borrower Subsidiary or Affiliate of the Borrower (the "Non-Borrower Entity"). Unless otherwise defined herein, the terms used in this Compliance Certificate and Schedule 1 attached hereto have the meanings described in the Credit Agreement.

Schedule 1 attached hereto sets forth the financial data and computations evidencing the Borrower's compliance as of the date hereof with the covenants contained in Section 10 of the Credit Agreement on a PRO FORMA basis after excluding from the calculation of such covenants the Non-Borrower Entity and all Real Estate Assets owned by the Non-Borrower Entity, all of which data and computations, to the best knowledge and belief of the chief financial officer or treasurer executing and delivering this Compliance Certificate on behalf of the Borrower (the "Chief Financial Officer" or "Treasurer", as the case may be), are true, complete and correct.

The activities of the Borrower, BPI and their respective Subsidiaries have been reviewed by the Chief Financial Officer/Treasurer and/or by employees or agents under his/her immediate supervision. Based upon such review, to the best knowledge and belief of the Chief Financial Officer/Treasurer, after giving effect to the exclusions discussed in the preceding paragraph, no Default or Event of Default exists or will exist.

The Chief Financial Officer/Treasurer certifies that he/she is authorized to execute and deliver this Compliance Certificate on behalf of the Borrower and BPI.

WITNESS our hands this ____ day of _____, 20__.

BOSTON PROPERTIES LIMITED
PARTNERSHIP, for itself and as agent for
each other Borrower

By: Boston Properties, Inc., its
general partner

By:

Title:

EXHIBIT C-7

COMPLIANCE CERTIFICATE OF CHIEF FINANCIAL OFFICER

The undersigned (the "Borrower") HEREBY CERTIFIES THAT:

This Compliance Certificate is furnished pursuant to Section 12.17 of the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 among the Borrower, Fleet National Bank, individually and as Agent, and certain other Banks as provided therein (as the same may be amended from time to time, the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Compliance Certificate and Schedule 1 attached hereto have the meanings described in the Credit Agreement.

Schedule 1 attached hereto sets forth, as of the date hereof, the financial data and computations evidencing the Borrower's compliance with the covenants contained in Section 10 of the Credit Agreement (both before and after giving effect to the borrowings to be made on the date hereof), all of which data and computations, to the best knowledge and belief of the chief financial officer executing and delivering this Compliance Certificate on behalf of the Borrower (the "Chief Financial Officer"), are true, complete and correct.

The Chief Financial Officer certifies that he is authorized to execute and deliver this Compliance Certificate on behalf of the Borrower.

WITNESS our hands this _____ day of _____, 200_.

BOSTON PROPERTIES LIMITED
PARTNERSHIP, for itself and as agent for
each other Borrower

By: Boston Properties, Inc., its
general partner

By:

Title: Chief Financial Officer

EXHIBIT D

(Exhibit D consists of Exhibits D-1 through D-4)

EXHIBIT D-1

FORM OF BID RATE NOTE

$_____ Date: _____, 20__

FOR VALUE RECEIVED, the undersigned Boston Properties Limited Partnership, a Delaware limited partnership, and each of the other undersigned parties and other parties who are or from time to time become a Borrower under (and as defined in) the Revolving Credit Agreement referred to (and defined) below (hereinafter, together with their respective successors in title and assigns, collectively called the "Borrower"), by this promissory note (hereinafter, called "this Note"), absolutely and unconditionally and jointly and severally promise to pay to the order of _____ (hereinafter, together with its successors in title and assigns, called the "Bank"), the principal sum of _____ Dollars ($_____) on _____, 20__, such payment to be made as hereinafter provided, and to pay interest on the principal sum outstanding hereunder from time to time from and after the date hereof until the said principal sum or the unpaid portion thereof shall have become due and payable as provided in the Bid Rate Advance Borrowing Notice dated _____, 20__ and attached hereto as Exhibit A.

Capitalized terms used herein without definition shall have the meanings set forth in the Revolving Credit Agreement.

The unpaid principal (not at the time overdue) under this Note shall bear interest at the rate or rates from time to time in effect under the Revolving Credit Agreement. Accrued interest on the unpaid principal under this Note shall be payable on the dates specified in the Revolving Credit Agreement.

On _____, 20__, the date of the final maturity of this Note, there shall become absolutely due and payable by the Borrower hereunder, and the Borrower hereby promises to pay to the Bank, the balance (if any) of the principal hereof then remaining unpaid, all of the unpaid interest accrued hereon and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby.

Each overdue amount (whether of principal, interest or otherwise) payable on or in respect of this Note or the indebtedness evidenced hereby shall (to the extent permitted by applicable law) bear interest at the rates and on the terms provided in the Revolving Credit Agreement. The unpaid interest accrued on each overdue amount in accordance with the foregoing terms of this paragraph shall become and be absolutely due and payable by the Borrower to Bank on demand by the Agent. Interest on each overdue amount will continue to accrue as provided by the foregoing terms of this paragraph, and will (to the extent permitted by applicable law) be compounded daily until the obligations of the Borrower in respect of the payment of such overdue amount shall be discharged (whether before or after judgment).

Each payment of principal, interest or other sum payable on or in respect of this Note or the indebtedness evidenced hereby shall be made by the Borrower directly to the Agent in Dollars, for the account of the Bank, at the Agent's Head Office, on the due date of such payment, and in immediately available and freely transferable funds. All payments on or in respect of this Note or the indebtedness evidenced hereby shall be made without set-off or counterclaim and free and clear of and without any deductions, withholdings, restrictions or conditions of any nature.

This Note is made and delivered by the Borrower to the Bank pursuant to a Third Amended and Restated Revolving Credit Agreement, dated as of January ___, 2003, among (i) the Borrower, (ii) the Banks party thereto (including the Bank) and (iii) the Agent (hereinafter, as originally executed, and as varied, supplemented, amended and/or restated, called the "Revolving Credit Agreement"). This Note evidences the obligations of the Borrower (a) to repay the principal amount of the Bid Rate Loan evidenced hereby; (b) to pay interest, as herein provided, on the principal amount hereof remaining unpaid from time to time; and (c) to pay other amounts which may become due and payable hereunder or in connection herewith pursuant to the Revolving Credit Agreement. Reference is hereby made to the Revolving Credit Agreement (including the EXHIBITS annexed thereto) for a complete statement of the terms thereof.

The Borrower has the right to prepay the unpaid principal of this Note in full or in part upon the terms contained in the Revolving Credit Agreement. The Borrower has an obligation to prepay principal of this Note from time to time if and to the extent required under, and upon the terms contained in, the Revolving Credit Agreement. Any partial payment of the indebtedness evidenced by this Note shall be applied in accordance with the terms of the Revolving Credit Agreement.

Pursuant to and upon the terms contained in Section 14 of the Revolving Credit Agreement, the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby may be declared to be immediately due and payable, whereupon the entire unpaid principal of this Note, all of the interest accrued on the unpaid principal of this Note and all (if any) other amounts payable on or in

respect of this Note or the indebtedness evidenced hereby shall (if not already due and payable) forthwith become and be, or the same may, as provided in said Section 14, automatically become, due and payable to the Bank without presentment, demand, protest or any other formalities of any kind, all of which are hereby expressly and irrevocably waived by the Borrower, excepting only for notice expressly provided for in the Revolving Credit Agreement.

All computations of interest payable as provided in this Note shall be made by the Agent on the basis of the actual number of days elapsed divided by 360. The interest rate in effect from time to time shall be determined in accordance with the terms of the Revolving Credit Agreement and the provisions of Section 2.9 thereof.

Should all or any part of the indebtedness represented by this Note be collected by action at law, or in bankruptcy, insolvency, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Borrower hereby promises to pay to the holder of this Note, upon demand by the holder hereof at any time, in addition to principal, interest and all (if any) other amounts payable on or in respect of this Note or the indebtedness evidenced hereby, all court costs and attorneys' fees and all other collection charges and expenses reasonably incurred or sustained by the holder of this Note.

The Borrower hereby irrevocably waives notice of acceptance, presentment, notice of nonpayment, protest, notice of protest, suit and all other conditions precedent in connection with the delivery, acceptance, collection and/or enforcement of this Note, except for notices expressly provided for in the Revolving Credit Agreement. The Borrower hereby absolutely and irrevocably consents and submits to the jurisdiction of the Courts of the Commonwealth of Massachusetts sitting in Suffolk County and of any Federal Court located in the

Eastern District of Massachusetts in connection with any actions or proceedings brought against the Borrower by the holder hereof arising out of or relating to this Note. This Note may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

This Note is intended to take effect as a sealed instrument. This Note and the obligations of the Borrower hereunder shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Massachusetts.

Each Borrower shall be jointly and severally liable for the full amount owing under this Note.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this BID RATE NOTE has been duly executed by the undersigned on the day and in the year first above written in Boston, Massachusetts.

332 HARTWELL AVENUE, LEXINGTON, MA**

MBZ-LEX TRUST

By: Boston Properties Limited Partnership, its beneficiary

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

92 AND 100 HAYDEN AVENUE, LEXINGTON, MA

92 HAYDEN AVENUE TRUST

By: Boston Properties Limited Partnership,
its beneficiary

By: Boston Properties, Inc., its
general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

THE CANDLER BUILDING, 111 MARKET PLACE, BALTIMORE, MD

CANDLER ASSOCIATES L.L.C.

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde

Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

ONE TOWER CENTER, EAST BRUNSWICK, NJ

SCV PARTNERS

By: BP III LLC, its general partner

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

201 CARNEGIE CENTER, PRINCETON, NJ

PRINCETON CHILDCARE 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: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

399 PARK AVENUE, NEW YORK, NY

195 WEST STREET, WALTHAM, 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

7375 BOSTON BOULEVARD, BUILDING TEN,
SPRINGFIELD, VA

7300 BOSTON BOULEVARD, BUILDING THIRTEEN,
SPRINGFIELD, VA

8000 CORPORATE COURT, BUILDING ELEVEN,
SPRINGFIELD, VA

38 CABOT BOULEVARD, BUCKS COUNTY, PA

365 HERNDON PARKWAY (SUGARLAND I),
HERNDON, VA

397 HERNDON PARKWAY (SUGARLAND II),
HERNDON, VA

164 LEXINGTON ROAD, BILLERICA, MA

THE ARBORETUM, 12700 SUNRISE VALLEY DRIVE,
RESTON, VA

502 CARNEGIE CENTER, PRINCETON, NJ

RESIDENCE INN, CAMBRIDGE, MA

212 CARNEGIE CENTER, PRINCETON, NJ

NEWPORT OFFICE CENTER, QUINCY, MA

ORBITAL SCIENCES - PHASE I, DULLES, VA

DECOVERLY THREE, 15204 OMEGA DRIVE, ROCKVILLE, MD

7450 BOSTON BOULEVARD, BUILDING THREE, SPRINGFIELD, VA

200 WEST STREET, WALTHAM, MA

Broad Run Business Park Building E, MORAN ROAD, LEESBURG VA 20175

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc., its sole general partner

By: /s/ Douglas T. Linde
----------(SEAL)
Douglas T. Linde
Senior Vice President and
Chief Financial Officer

EXHIBIT D-2

FORM OF BID RATE ADVANCE BORROWING NOTICE

[Date]

To: Fleet National Bank, as Managing Administrative Agent (the "Agent")

From: Boston Properties Limited Partnership and each other Borrower under the Credit Agreement referred to below (collectively, the "Borrower")

Re: Third Amended and Restated Revolving Credit Agreement (as amended, the "Credit Agreement") dated as of January __, 2003 among the Borrower, the Banks party thereto and the Agent.

We hereby give notice pursuant to Section 2.9(b)(i) of the Credit Agreement that we jointly and severally request a Bid Rate Advance as follows:

1. The Business Day of the proposed Bid Rate Advance is: _____, 200_.* -

2. This request is for an [Absolute Rate Auction in which the rates of interest to be offered by the Banks shall be absolute rates per annum] [Indexed Rate Auction in which the rates of interest to be offered by the Banks shall be rates per annum at a margin greater or less than the Eurodollar Rate plus the Applicable Eurodollar Margin].

3. The terms of the Bid Rate Advance requested are as follows:

Principal Amount**	Interest Period***	Maturity Date****
$		

[repeat as necessary]

4. [Insert special terms, if any]

The undersigned hereby certifies that the following statements are true on

the date hereof, and will be true on the date of the proposed Bid Rate Borrowing, both before and after giving effect thereto and to the application of the proceeds therefrom:

(a) the aggregate outstanding principal amount of the Revolving Credit Loans, PLUS the aggregate principal amount of all Bid Rate Loans outstanding, PLUS the aggregate principal amount of all Swingline Loans outstanding, PLUS the Maximum Drawing Amount and, without double-counting the portion, if any, of any Letter of Credit which is drawn and included in the Revolving Credit Loans, all outstanding Reimbursement Obligations, on today's date excluding the requested Bid Rate Advance is $_____ and including the requested Bid Rate Advance is $_____,

(b) we will use the proceeds of the requested Bid Rate Loan in accordance with the provisions of the Credit Agreement,

(c) attached hereto is a Compliance Certificate of the Borrower, substantially in the form of Exhibit C-1 to the Credit Agreement, with appropriate attachments,

(d) no Default or Event of Default has occurred and is continuing or will result from the making of the requested Bid Rate Advance.

Terms used herein have the meanings assigned to them in the Credit Agreement.

BOSTON PROPERTIES LIMITED PARTNERSHIP,
for itself and as agent for each other Borrower

By: Boston Properties, Inc., its general partner

By:

Title:

* Subject to notice requirements of Section 2.9(b)

** Amount must be a minimum of $5,000,000 or any larger multiple of $1,000,000

*** 1 to 180 days for Absolute Rate Auction
7 to 180 days for Indexed Rate Auction

**** Must be on or before Maturity Date

EXHIBIT D-3

OFFER OF BID RATE LOAN
COMPETITIVE BID NOTICE

FLEET NATIONAL BANK, as Managing Administrative Agent
115 Perimeter Center Place
Suite 500
Atlanta, GA 30346

Attention: Jeffrey Aycock

Re: Bid Rate Loan Offer to Boston Properties Limited Partnership and each other Borrower under (and as defined in) the Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 (as amended, the "CREDIT AGREEMENT")

In response to the Borrower's Bid Rate Advance Borrowing Notice dated _____, 200_, we hereby make the following Bid Rate Loan offer on the following terms:

1. Offering Bank:_____

2. Person to contact at Offering Bank:_____

3. Business Day of Borrowing: * ----------

4. We hereby offer to make Bid Rate Loan(s) in the following principal amounts, for the following periods and at the following rates:

Minimum
Maximum

Principal Amount**	Principal Period***	Applicable Bid Rate****	Competitive Maturity Date
$			

[repeat as necessary]

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Credit Agreement, irrevocably obligates us to

make the Bid Rate Loan(s) for which any offer(s) are accepted in whole or in part by the Borrower.

Terms used herein have the meanings assigned thereto in the Credit Agreement.

Very truly yours,

[NAME OF BANK]

Dated: _____

By: _____
Authorized Officer

* As specified in the related Borrowing Notice.

** Principal amount offer for each period may not exceed principal amount requested. Offers must be made for $5,000,000 or any larger multiple of $1,000,000.

*** 1 to 180 days, as specified in the related Borrowing Notice. 7 to 180 days, as specified in the related Borrowing Notice.

**** Specify rate of interest per annum (each rounded to the nearest 1/10,000th of 1%), and indicate whether it is an absolute rate or indexed rate.

D-3-1

EXHIBIT D-4

FORM OF NOTICE OF BID RATE LOAN ACCEPTANCE

Re: Third Amended and Restated Revolving Credit Agreement (as amended, the "Credit Agreement"), dated as of January __, 2003, among BOSTON PROPERTIES LIMITED PARTNERSHIP and each other Borrower defined therein (collectively, the "Borrower"), the lenders which are or may become parties thereto, and Fleet National BANK AS MANAGING ADMINISTRATIVE AGENT.

We hereby give notice pursuant to Section 2.9(b)(iii) of the Credit Agreement of our acceptance of the following Bid Rate Loan offer(s):

1. Bank:_____

2. Drawdown Date*:_____

3. In the following principal amounts, for the following periods and at the following rates:

Principal Loan Amount	Bid Rate

Period(s) Interest Rate(s)** --
---- -------
-- ---------

$_____
$_____

[Repeat 1, 2 and 3 for each Bank as necessary]

4. The aggregate principal amount for each identical period is:

Aggregate Period Principal Amount -
----- --

------ $
$

We hereby certify (a) that we will use the proceeds of the requested Bid Rate Loans in accordance with the provisions of the Credit Agreement, (b) to the best knowledge and belief of the Chief Financial Officer/Treasurer, both before and after giving effect to the

requested Bid Rate Loans (1) no Default or Event of Default exists on the date hereof or will exist under the Credit Agreement or any other Loan Document on the drawdown date of such Loans and (2) after taking into account such requested Bid Rate Loans, no Default or Event of Default will exist as of the drawdown date of such Loans, (c) to the best knowledge and belief of the Chief Financial Officer/Treasurer, each of the representations and warranties of the Borrower contained in the Credit Agreement, the other Loan Documents or in any document or instrument delivered pursuant to or in connection with the Credit Agreement was true as of the date as of which they were made and is also true at and as of the date hereof and will be true at and as of the time of the making of the requested Bid Rate Loans, with the same effect as if made at and as of that time except to the extent that such representations and warranties relate expressly to an earlier date, and (d) that the undersigned is authorized to execute and deliver this certificate on behalf of each Borrower.

Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the same meanings herein as in the Credit Agreement.

Very truly yours,

BOSTON PROPERTIES LIMITED PARTNERSHIP,
for itself and as agent for each other Borrower

By: Boston Properties, Inc., its general partner

By:

Title:

* As specified in the related Borrowing Notice

** Specify rate of interest per annum (each rounded to the nearest 1/1,000th of 1%) for each applicable period.

EXHIBIT E

BOSTON PROPERTIES LIMITED PARTNERSHIP

January __, 2003

Fleet National Bank
individually and as Agent, and the other

Banks party to the Credit Agreement described below
115 Perimeter Center Place, Suite 500
Atlanta, GA 30346

Attention: Robert C. Avil, Vice President

RE: Closing Certificate under Third Amended and Restated Revolving Credit Agreement dated as of January __, 2003 (the "Credit Agreement")

Ladies and Gentleman:

The undersigned hereby certifies to you, in accordance with the provisions of Section 12.19 of the Credit Agreement, that the representations and warranties of the undersigned contained in the Credit Agreement and in each document and instrument executed and delivered by the undersigned pursuant to or in connection therewith are true as of the date hereof and that each Borrower has performed and complied with all covenants and other obligations required to be performed or complied with by it on or prior to the Closing Date (except as any of the foregoing may have been waived or deferred in writing by the Agent and the Banks) and that no Default or Event of Default has occurred and is continuing on the date hereof.

Unless otherwise defined herein, the terms used in this Closing Certificate have the meanings described in the Credit Agreement.

Very truly yours,

BOSTON PROPERTIES LIMITED PARTNERSHIP, for itself and as agent for each other Borrower

By: Boston Properties, Inc.

By:

Title:

EXHIBIT F

FORM OF
ASSIGNMENT AND ASSUMPTION AGREEMENT

Dated _____

Reference is made to the Third Amended and Restated Revolving Credit Agreement, dated as of January __, 2003 (as amended and in effect from time to time, the "Agreement"), among Boston Properties Limited Partnership (the "Borrower"), the banking institutions referred to therein as Banks (the "Banks"), and Fleet National Bank, as agent (the "Agent") for the Banks. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Agreement.

_____ (the "Assignor") and _____ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, a _% interest in and to all of the Assignor's rights and obligations under the Agreement as of the Effective Date, (as hereinafter defined).

2. The Assignor (i) represents that as of the date hereof, its Commitment Percentage (without giving effect to assignments thereof which have not yet become effective) is _%, the outstanding balance of its Loans (unreduced by any assignments thereof which have not yet become effective) is $_____ and the aggregate amount of its Letter of Credit Participations (unreduced by any assignments thereof which have not yet become effective) is $_____; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or re representations made in or in connection with the Agreement, the other Loan Documents or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement, the other Loan Documents or any other instrument or document furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder

and that such interest is free and clear of any adverse claim; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of its Subsidiaries or subsidiaries (as defined in the Agreement) or any other person which may be primarily or secondarily liable in respect of any of the Obligations under the Agreement or the other Loan Documents or any other instrument or document delivered or executed pursuant thereto; [and (iv) represents that as of the date hereof there are no Letters of Credit outstanding].

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Assumption; (ii) confirms that it has received a copy of the Agreement, together with copies of the most recent financial statements delivered pursuant to Section Section 7.4 and 8.4 thereof, if any, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption; (iii) agrees that it will, independently and without reliance upon the Assignor, any other Bank or the Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement; (iv) confirms that it is an Eligible Assignee; (v) appoints and authorizes the Agent, and each other Bank who may from time to time be designated as an agent in a limited specific capacity pursuant to an amendment to the Agreement, to take such action as agent (and with respect to such other Banks, in such limited capacity as may be designated) on its behalf and to exercise such powers as are reasonably incidental thereto pursuant to the terms of the Agreement and the other Loan Documents; and (vi) agrees that it will perform all the obligations which by the terms of the Agreement are required to be performed by it as a Bank in accordance with the terms of the Agreement. The Assignor represents and warrants that it is legally authorized to enter into this Assignment and Assumption.

4. The effective date for this Assignment and Assumption shall be _____, 20__ (the "Effective Date"). Following the execution of this Assignment and Assumption, it will be delivered to the Agent for recording in the Register by the Agent.

5. Upon such acceptance and recording, from and after the Effective Date, and, in accordance with Section 20.1 of the Agreement, the Agent and the Borrower shall have approved (or be deemed to have approved) the herein assignment pursuant to Section 20.1 of the Agreement, and the Assignor shall, with respect to that portion of its interest under the Agreement assigned hereunder, relinquish its rights and be released from its obligations under the Agreement accruing from and after the Effective Date.

6. Upon such acceptance and recording, from and after the Effective Date, the Agent shall make all payments in respect of the interest assigned hereby (including payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments for periods prior to the Effective Date by the Agent or with respect to the making of this assignment directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION SHALL RUN TO THE BENEFIT OF THE BORROWER, IN ACCORDANCE WITH Section 20.1 OF THE AGREEMENT. THIS ASSIGNMENT AND ASSUMPTION IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT TO BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.

IN WITNESS WHEREOF, intending to be legally bound, each of the undersigned has caused this Assignment and Assumption to be executed on its behalf by its officer thereunto duly authorized, as of the date first above written.

[NAME OF ASSIGNOR]

By:

Title:

[NAME OF ASSIGNEE]

By:

Title:

EXHIBIT G

FORM OF JOINDER AGREEMENT

_____, 20__

Reference is made to the Third Amended and Restated Revolving Credit Agreement, dated as of January __, 2003 (as from time to time amended and in effect, the "Loan Agreement"), among Boston Properties Limited Partnership, those other Borrowers listed on Schedule 1 of the Loan Agreement and each other Borrower (collectively, the "Borrower") which from time to time is a party to the Loan Agreement, the banking institutions referred to the Loan Agreement as Banks (collectively, the "Banks"), and Fleet National Bank, as Agent (the "Agent") for the Banks. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such in the Agreement.

In consideration of and as an inducement to the inclusion of the Unencumbered Asset identified on EXHIBIT A hereto as a Borrowing Base Property (the "Additional Borrowing Base Property") by the Banks, _____ (the "Additional Borrower"), a_____, which is a Wholly-owned Subsidiary of BPLP, hereby acknowledges and agrees to the terms and conditions of the Loan Agreement, the Revolving Credit Notes and the other Loan Documents to which any Borrower is a party, joins in the agreements of the Borrower under the Loan Agreement, the Revolving Credit Notes and the other Loan Documents to which any Borrower is a party and agrees that all Obligations of the Borrower under the Loan Agreement, the Revolving Credit Notes and the other Loan Documents to which any Borrower is a party shall be the obligations, jointly and severally, of the Additional Borrower with the same force and effect as if the Additional Borrower was originally a Borrower under the Loan Agreement and an original signatory to the Loan Agreement, the Revolving Credit Notes and the other Loan Documents to which any Borrower is a party.

The Additional Borrower further agrees that its liability hereunder is direct and primary and may be enforced by the Banks and the Agent before or after proceeding against any other Borrower.

At least five (5) Business Days prior to this Joinder Agreement becoming effective and the Unencumbered Asset identified in EXHIBIT A hereto becoming a Borrowing Base Property, the Additional Borrower shall have delivered to the Agent (with copies to the Agent for each Bank) those documents referred to in Sections 12.3 through 12.9, 12.12. 12.13, 12.15, 12.17, 12.19, 12.20 and 12.21 of the Loan Agreement

with respect to the Additional Borrower, in each case in form and substance materially the same as those documents delivered by the Borrower on the Closing Date. The Additional Borrower agrees that the Agent shall have the right to visit and inspect the Additional Borrowing Base Property at the Borrower's sole cost and expense.

The undersigned represents and warrants to the Agent and the Banks that it has the complete right, power and authority to execute and deliver this Joinder Agreement and to perform all of the obligations hereunder and the Obligations under the Loan Agreement, the Revolving Credit Notes and the other Loan Documents to which any Borrower is a party. This Joinder Agreement shall be binding upon the undersigned and its successors and assigns and shall inure to the benefit of the Banks, the Agent and their respective successors and assigns.

Executed as a sealed instrument as of the _____ day of _____, 2000.

[ADDITIONAL BORROWER]

Name:

Title:

ACKNOWLEDGED AND AGREED:

BOSTON PROPERTIES LIMITED PARTNERSHIP,
individually and as agent for each Borrower

By: Boston Properties, Inc., its sole general partner

By: /s/ Douglas T. Linde
---(SEAL)
Douglas T. Linde
Chief Financial Officer

EXHIBIT A TO JOINDER AGREEMENT

Additional Borrowing Base Property

** 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.

EXHIBIT 21.1

SUBSIDIARY	STATE OF INCORPORATION/ORGANIZATION
No. 1 Times Square Development LLC	Delaware
No. 5 Times Square Development LLC	Delaware
17M Acquisition Subsidiary LLC	Delaware
17M Associates	District of Columbia
30 Shattuck Road LLC	Delaware
40-46 Harvard Street Trust	Massachusetts
90 Church Street Limited Partnership	Delaware
91 Hartwell Avenue Trust	Massachusetts
92 Hayden Avenue Trust	Massachusetts
101 Carnegie Center Associates	New Jersey
191 Spring Street Trust	Massachusetts
206 Associates Limited Partnership	New Jersey
210 Associates Limited Partnership	New Jersey
211 Associates Limited Partnership	New Jersey
500 Series LLC	Delaware
Big Apple Associates Limited Partnership	Delaware
Boston Properties, Inc.	Delaware
Boston Properties Limited Partnership	Delaware
Boston Properties LLC	Delaware
Boston Properties Management, Inc.	Delaware
Boston Properties TRS Inc.	Delaware
BP 8th Avenue Associates LLC	Delaware
BP 20 F Street Limited Partnership	Delaware
BP 45th Associates LLC	Delaware
BP 111 Huntington Ave LLC	Delaware
BP 140 Kendrick Street LLC	Delaware
BP 140 Kendrick Street Property LLC	Delaware
BP 201 Spring Street LLC	Delaware
BP 280 Park Avenue LLC	Delaware
BP 280 Park Avenue Manager Corp.	Delaware
BP 280 Park Avenue Mezzanine LLC	Delaware
BP 399 Park Avenue LLC	Delaware
BP II LLC	Delaware
BP III LLC	Delaware
BP Almaden Associates LLC	Delaware
BP Belvidere LLC	Delaware
BP Boylston Residential LLC	Delaware
BP/CGCenter Acquisition Co. LLC	Delaware
BP/CGCenter I LLC	Delaware
BP/CGCenter II LLC	Delaware
BP/CGCenter MM LLC	Delaware
BP/CGCenter MM2 LLC	Delaware
BP/CG Member I LLC	Delaware
BP/CG Member II LLC	Delaware
BP/CG Member III LLC	

Delaware BP Crane Meadow L.L.C
Delaware BP/CRF 265 Franklin Street LLC
Delaware BP/CRF 265 Franklin Street Holdings LLC
Delaware BP/CRF 265 Franklin Street Manager Corp.
Delaware BP/CRF 265 Franklin Street Mezzanine LLC
Delaware BP/CRF 901 New York Avenue LLC
Delaware BP EC1 Holdings LLC
Delaware

BP EC2 Holdings LLC	Delaware
BP EC3 Holdings LLC	Delaware
BP EC4 Holdings LLC	Delaware
BP EC West LLC	Delaware
BP Fourth Avenue L.L.C	Delaware
BP Gateway Center LLC	Delaware
BP Hotel LLC	Delaware
BP Lending LLC	Delaware
BP Lex LLC	Delaware
BP Management LP	Delaware
BP OFR LLC	Delaware
BP Prucenter Acquisition LLC	Delaware
BP Prucenter Development LLC	Delaware
BP Realty New Jersey LLC	New Jersey
BP Reston Eastgate LLC	Delaware
BP Supermarket LLC	Delaware
BP Weston Quarry LLC	Delaware
Broad Run Business Center Property Association	Virginia
Cambridge Center North Trust	Massachusetts
Cambridge Center West Associates Limited Partnership	Massachusetts
Cambridge Center West Trust	Massachusetts
Cambridge Group LLC	Delaware
Candler Associates L.L.C.	Maryland
Carnegie 214 Associates Limited Partnership	New Jersey
Carnegie 504 Associates	New Jersey
Carnegie 506 Associates	New Jersey
Carnegie 508 Associates	New Jersey
Carnegie 510 Associates L.L.C.	Delaware
Carnegie Center Associates	New Jersey
CRF Met Square LLC	Delaware
Decoverly Two Limited Partnership	Maryland
Decoverly Four Limited Partnership	Maryland
Decoverly Five Limited Partnership	Maryland
Decoverly Six Limited Partnership	Maryland
Decoverly Seven Limited Partnership	Maryland
Democracy Associates Limited Partnership	Maryland
Democracy Financing LLC	Delaware
Discovery Square L.L.C.	Delaware
Downtown Boston Properties Trust	Massachusetts
East Pratt Street Associates Limited Partnership	Maryland
Elandzee Trust	Massachusetts
Eleven Cambridge Center Trust	Massachusetts
Embarcadero Center Associates	California
Embarcadero Center, Inc.	California
Four Embarcadero Center Venture	California
Fourteen Cambridge Center Trust	Massachusetts
Gateway Center LLC	Delaware
Hayden Office Trust	Massachusetts
IPX Inc.	Vermont
Jones Road Development Associates LLC	Delaware
Lexreal Associates Limited Partnership	New York
LKE BP Fourth Avenue Limited Partnership	Massachusetts
Mall Road Trust	Massachusetts
Market Square North Associates Limited Partnership	Delaware
MBZ-Lex Trust	Massachusetts

MGA Virginia 85-1 Limited Partnership	Virginia
MGA Virginia 86-1 Limited Partnership	Virginia

MGA Virginia 86-2 Limited Partnership	Virginia
Montgomery Village Avenue Joint Venture Limited Partnership	Maryland
New Dominion Technology Corp.	Delaware
New Dominion Technology Park LLC	Delaware
New Dominion Technology Park II LLC	Delaware
Ocean View Development Company Limited Partnership	District of Columbia
One Cambridge Center Trust	Massachusetts
One Embarcadero Center Venture	California
One Freedom Square, L.L.C.	Delaware
Pratt Street Financing, LLC	Delaware
Princeton 202 Associates Limited Partnership	New Jersey
Princeton Childcare Associates Limited Partnership	New Jersey
Reston Corporate Center Limited Partnership	Virginia
Reston Town Center Office Park Phase One Limited Partnership	Virginia
Reston VA 939, LLC	Delaware
School Street Associates Limited Partnership	District of Columbia
SCV Partners	New Jersey
Skyline Holdings LLC	Delaware
Southwest Market Limited Partnership	District of Columbia
Square 36 Office Joint Venture	District of Columbia
Square 407 Limited Partnership	District of Columbia
Stony Brook Associates LLC	Delaware
Ten Cambridge Center Trust	Massachusetts
The Double B Partnership	Massachusetts
The Metropolitan Square Associates LLC	District of Columbia
Three Cambridge Center Trust	Massachusetts
Three Embarcadero Center Venture	California
Tower Oaks Financing LLC	Delaware
Tracer Lane Trust II	Massachusetts
Two Cambridge Center Trust	Massachusetts
Two Freedom Square L.L.C.	Delaware
Washingtonian North Associates Limited Partnership	Maryland
Zee Bee Trust II	Massachusetts
Zee Em Trust II	Massachusetts
ZL Hotel Corp.	Massachusetts
ZL Hotel LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements of Boston Properties, Inc. on Forms S-3 (File Numbers, 333-101255, 333-92402, 333-36142, 333-39114, 333-40618, 333-51024, 333-58694, 333-60219, 333-61799, 333-64902, 333-68379, 333-69375, 333-70765, 333-80513, 333-81355, 333-82498, 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, 333-70321, and 333-81824) of our report dated February 21, 2003, relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 26, 2003