BOSTON PROPERTIES INC
Form 8-K
June 06, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 6, 2006

BOSTON PROPERTIES, INC.

(Exact name of registrant as specified in charter)

Delaware	**1-13087**	**04-2473675**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

111 Huntington Avenue, Suite 300, Boston, Massachusetts 02199

(Address of Principal Executive Offices) (Zip Code)

(617) 236-3300

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

Item 2.05. Costs Associated with Exit or Disposal Activities.

On June 6, 2006, Boston Properties, Inc. s Operating Partnership, Boston Properties Limited Partnership (the Company), through one of its wholly owned subsidiaries, completed the sale of the Company s property located at 280 Park Avenue in New York City for approximately $1.2 billion in cash. The property was sold to an affiliate of Istithmar PJSC (Istithmar), which is a private investment holding company based in Dubai. 280 Park Avenue is a Class A office tower that contains approximately 1,179,000 net rentable square feet. The property is currently 100% leased. The Company estimates net proceeds from the sale of approximately $850 million, after legal defeasance of indebtedness secured by the property (consisting of approximately $254.4 million of principal indebtedness and approximately $28.4 million of related defeasance costs) and the payment of transfer taxes, broker s fees, revenue support payments to Istithmar that are described below and other customary closing costs that the Company is responsible for paying under the terms of the purchase and sale agreement.

Pursuant to the purchase and sale agreement, the Company entered into a master lease agreement with Istithmar at closing. Under the master lease agreement, the Company has guaranteed that Istithmar will receive at least a minimum amount of base rent from approximately 74,340 square feet of space during the ten-year period following the expiration of the current leases for this space. The current leases for this space are scheduled to expire at various times between June 2006 and October 2007. The aggregate amount of base rent guaranteed by the Company over the entire period from 2006 to 2017 is approximately $67.3 million. The Company s guarantee obligations, which are in the form of base rent payments to Istithmar, will be reduced by the amount of base rent payable, whether or not actually paid, under qualifying leases for this space that are obtained by the Company from prospective tenants. The Company will remain responsible for any free rent periods. Istithmar will bear all customary leasing costs for this space, including tenant improvements and leasing commissions.

Under the purchase and sale agreement, the Company has also agreed to provide to Istithmar fixed monthly revenue support from the closing date until December 31, 2008. The aggregate amount of the revenue support payments will be approximately $22.5 million.

As part of the transaction, Istithmar has engaged the Company as the property manager and leasing agent for 280 Park Avenue for a one-year term that renews automatically. Either party has the right to terminate this relationship at any time after the termination or expiration of the master lease agreement described above.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired.*
Not applicable.

(b) *Pro Forma Financial Information.*

Pro forma financial information pursuant to Article 11 of Regulation S-X is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

(c) *Shell Company Transactions.*
Not applicable.

(d) *Exhibits.*

2.1 Purchase and Sale Agreement between BP 280 Park Avenue, LLC and Istithmar Building FZE dated April 26, 2006. (Incorporated by reference to Exhibit 10.1 of Boston Properties, Inc. s Form 10-Q filed with the Securities and Exchange Commission on May 10, 2006.)

99.1 Pro forma financial information of Boston Properties, Inc.

Private Securities Litigation Reform Act of 1995. This Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of the words guidance, expects, plans, estimates, projects, intends, believes and similar expressions that do not relate to historical matters. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company s control and could materially affect actual results, performance or achievements. These factors include the extent to which the Company will be able to obtain tenants for the space subject to the master lease and other risks and uncertainties detailed from time to time in the Company s filings with the Securities and Exchange Commission. The Company does not undertake a duty to update or revise any forward-looking statement whether as a result of new information, future events or otherwise.

SIGNATURES

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

BOSTON PROPERTIES, INC.

Date: June 6, 2006

By: /s/ Douglas T. Linde
Douglas T. Linde
Executive Vice President & Chief Financial Officer