

BOSTON PROPERTIES INC
Form 10-Q
August 09, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended June 30, 2013

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 1-13087

BOSTON PROPERTIES, INC.

(Exact name of Registrant as specified in its charter)

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Delaware **04-2473675**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
Prudential Center, 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103

(Address of principal executive offices) (Zip Code)

(617) 236-3300

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Common Stock, par value \$.01 per share
(Class)

152,388,954
(Outstanding on August 1, 2013)

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for the quarter ended June 30, 2013

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Table of Contents**PART 1. FINANCIAL INFORMATION****ITEM 1 Financial Statements.****BOSTON PROPERTIES, INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited and in thousands, except for share and par value amounts)**

	June 30, 2013	December 31, 2012
ASSETS		
Real estate, at cost	\$ 17,059,235	\$ 13,581,454
Construction in progress	1,483,114	1,036,780
Land held for future development	290,085	275,094
Less: accumulated depreciation	(2,996,520)	(2,934,160)
Total real estate	15,835,914	11,959,168
Cash and cash equivalents	1,608,731	1,041,978
Cash held in escrows	54,829	55,181
Investments in securities	14,226	12,172
Tenant and other receivables (net of allowance for doubtful accounts of \$1,377 and \$1,960, respectively)	66,039	69,555
Related party notes receivable		282,491
Interest receivable from related party notes receivable		104,816
Accrued rental income (net of allowance of \$3,641 and \$1,571, respectively)	625,654	598,199
Deferred charges, net	939,675	588,235
Prepaid expenses and other assets	179,741	90,610
Investments in unconsolidated joint ventures	137,975	659,916
Total assets	\$ 19,462,784	\$ 15,462,321
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage notes payable	\$ 4,484,657	\$ 3,102,485
Unsecured senior notes (net of discount of \$15,027 and \$10,472, respectively)	5,834,973	4,639,528
Unsecured exchangeable senior notes (net of discount of \$924 and \$1,653, respectively)	734,278	1,170,356
Unsecured line of credit		
Mezzanine notes payable	311,637	
Related party notes payable	180,000	
Accounts payable and accrued expenses	212,998	199,102
Dividends and distributions payable	112,425	110,488
Accrued interest payable	141,676	72,461
Other liabilities	556,730	324,613
Total liabilities	12,569,374	9,619,033
Commitments and contingencies		
Noncontrolling interests:		
Redeemable preferred units of the Operating Partnership	110,876	110,876
Redeemable interest in property partnership	98,162	97,558
Equity:		
Stockholders' equity attributable to Boston Properties, Inc.:		
Excess stock, \$.01 par value, 150,000,000 shares authorized, none issued or outstanding		

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Preferred stock, \$.01 par value, 50,000,000 shares authorized;		
5.25% Series B cumulative redeemable preferred stock, \$.01 par value, liquidation preference \$2,500 per share, 92,000 shares authorized, 80,000 and no shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	200,000	
Common stock, \$.01 par value, 250,000,000 shares authorized, 152,463,640 and 151,680,109 issued and 152,384,740 and 151,601,209 outstanding at June 30, 2013 and December 31, 2012, respectively	1,524	1,516
Additional paid-in capital	5,246,243	5,222,073
Earnings (dividends) in excess of dividends (earnings)	192,492	(109,985)
Treasury common stock at cost, 78,900 shares at June 30, 2013 and December 31, 2012	(2,722)	(2,722)
Accumulated other comprehensive loss	(12,689)	(13,817)
Total stockholders' equity attributable to Boston Properties, Inc.	5,624,848	5,097,065
Noncontrolling interests:		
Common units of the Operating Partnership	570,135	539,753
Property partnerships	489,389	(1,964)
Total equity	6,684,372	5,634,854
Total liabilities and equity	\$ 19,462,784	\$ 15,462,321

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

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	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(in thousands, except for per share amounts)			
Revenue				
Rental				
Base rent	\$ 403,942	\$ 371,019	\$ 781,670	\$ 725,844
Recoveries from tenants	68,434	57,361	132,863	109,009
Parking and other	23,969	23,356	47,799	45,615
Total rental revenue	496,345	451,736	962,332	880,468
Hotel revenue	11,118	10,049	19,409	16,865
Development and management services	7,857	9,564	16,593	17,709
Total revenue	515,320	471,349	998,334	915,042
Expenses				
Operating				
Rental	179,837	161,172	352,457	317,014
Hotel	7,335	6,616	14,379	12,715
General and administrative	22,194	19,066	65,765	46,685
Transaction costs	535	8	978	2,112
Impairment loss			8,306	
Depreciation and amortization	134,604	111,168	255,199	219,630
Total expenses	344,505	298,030	697,084	598,156
Operating income	170,815	173,319	301,250	316,886
Other income (expense)				
Income from unconsolidated joint ventures	48,783	21,191	57,504	32,912
Gains on consolidation of joint ventures	387,801		387,801	
Interest and other income	1,296	2,382	2,767	4,028
Gains (losses) from investments in securities	181	(186)	916	615
Gains from early extinguishments of debt	152	274	152	1,041
Interest expense	(103,140)	(99,901)	(203,573)	(203,138)
Income from continuing operations	505,888	97,079	546,817	152,344
Discontinued operations				
Income from discontinued operations	873	218	934	788
Gain on sale of real estate from discontinued operations		36,877		36,877
Gain on forgiveness of debt from discontinued operations			20,182	