

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

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FILER

FRANKLIN STREET PROPERTIES CORP /MA/

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
(Amendment No. 1)

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

Date of Report (Date of Earliest Event Reported): **November 1, 2012**

FRANKLIN STREET PROPERTIES CORP.

(Exact Name of Registrant as Specified in Charter)

Maryland

(State or Other Jurisdiction
of Incorporation)

001-32470

(Commission
File No.)

04-3578653

(IRS Employer
Identification No.)

401 Edgewater Place, Suite 200, Wakefield, Massachusetts 01880

(Address of Principal Executive Office) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(781) 557-1300**

Not Applicable

(Former name or former address, if changed since last report)

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:

- 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))
-

EXPLANATORY NOTE

On November 1, 2012, FSP Westchase LLC (the “Property Owner”), a wholly-owned subsidiary of Franklin Street Properties Corp. (the “Registrant”), completed the acquisition of an office property located at 10370 and 10350 Richmond Avenue, Houston, Texas (the “Property”). The Property consists of two, 14-story, multi-tenant office buildings containing an aggregate of approximately 629,022 rentable square feet of space and a parking garage located on approximately 6.5 acres of land. The purchase price of the Property was \$154,750,000 and was paid in cash by the Property Owner at the closing on November 1, 2012. Neither the Property Owner nor the Registrant incurred any mortgage indebtedness to purchase the Property.

The Registrant filed a Current Report on Form 8-K on November 1, 2012 (the “Form 8-K”) to report the completion of the acquisition of the Property. The Registrant hereby amends the Form 8-K to include in Item 9.01 thereof required financial statements, pro forma financial information and the Consent of Braver PC.

ITEM 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired.*

Statements of Revenue over Certain Operating Expenses, in accordance with Rule 3-14 of Regulation S-X, of the Property for the Period from January 1, 2012 through September 30, 2012 (unaudited) and for the Year Ended December 31, 2011.

(b) *Pro Forma Financial Information.*

Combining Condensed Consolidated Pro Forma Balance Sheets as of September 30, 2012 (unaudited), Combining Condensed Consolidated Pro Forma Statements of Income for the Nine Months Ended September 30, 2012 (unaudited) and Combining Condensed Consolidated Pro Forma Statements of Income for the Year Ended December 31, 2011 (unaudited).

(d) *Exhibits.*

See Exhibit Index attached hereto.

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.

FRANKLIN STREET PROPERTIES CORP.

By: /s/ George J. Carter
George J. Carter
President and Chief Executive Officer

Date: January 11, 2013

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Contract of Sale, dated October 10, 2012, between FSP Westchase LLC and Granite Westchase Partners, Ltd., together with First Amendment to Contract of Sale, dated October 24, 2012, between FSP Westchase LLC and Granite Westchase Partners, Ltd., incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed on October 30, 2012 (File No. 001-32470).
23.1*	Consent of Braver PC.
99.1*	Statements of Revenue over Certain Operating Expenses, in accordance with Rule 3-14 of Regulation S-X, of the Property for the Period from January 1, 2012 through September 30, 2012 (unaudited) and for the Year Ended December 31, 2011.
99.2*	Combining Condensed Consolidated Pro Forma Balance Sheets as of September 30, 2012 (unaudited), Combining Condensed Consolidated Pro Forma Statements of Income for the Nine Months Ended September 30, 2012 (unaudited) and Combining Condensed Consolidated Pro Forma Statements of Income for the Year Ended December 31, 2011 (unaudited).

* Filed herewith

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-91680, Form S-3 No. 333-134405, Form S-3 No. 333-158898 and Form S-3 No. 333-181009) of Franklin Street Properties Corp. of our report dated December 20, 2012 with respect to the Statements of Revenue over Certain Operating Expenses of the Westchase office property located at 10370 and 10350 Richmond Avenue, Houston, Texas for the year ended December 31, 2011, which report is included in this Form 8-K/A of Franklin Street Properties Corp., dated as of November 1, 2012.

/s/ BRAVER PC

Needham, Massachusetts
January 11, 2013

Westchase

Financial Statements

**For the Period January 1, 2012
to September 30, 2012 (Unaudited)
and For the Year Ended
December 31, 2011**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders

Franklin Street Properties Corp.
Wakefield, Massachusetts

We have audited the accompanying statement of revenue over certain operating expenses (the "Statement") of the office property known as **Westchase** located at 10370 and 10350 Richmond Avenue, Houston, Texas (the "Property") for the year ended December 31, 2011. The Statement is the responsibility of the Property's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Franklin Street Properties Corp.) as described in Note 2 to the Statement and is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the Statement of the Property presents fairly, in all material respects, the revenue over certain operating expenses described in Note 2 to the Statement of the Property for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ Braver PC
Needham, Massachusetts
December 20, 2012

Westchase

Statements of Revenue over Certain Operating Expenses For the Period January 1, 2012 to September 30, 2012 (Unaudited) and For the Year Ended December 31, 2011

	For the Period January 1, 2012 to September 30, 2012 (Unaudited)	For the Year Ended December 31, 2011
Revenue		
Rental income	\$ 12,309,751	\$ 14,752,600
Termination fee	-	870,551
Total revenue	<u>12,309,751</u>	<u>15,623,151</u>
Certain operating expenses		
Taxes and insurance	2,104,075	2,402,074
Operating and maintenance	2,040,010	2,883,491
Management fees	847,060	1,035,901
Administrative	<u>432,667</u>	<u>524,231</u>
Total expenses	<u>5,423,812</u>	<u>6,845,697</u>
Excess of revenue over certain operating expenses	<u>\$ 6,885,939</u>	<u>\$ 8,777,454</u>

See notes to statements of revenue over certain operating expenses

Westchase

Notes to Statements of Revenue over Certain Operating Expenses For the Period January 1, 2012 to September 30, 2012 (Unaudited) And for the Year Ended December 31, 2011

1. Description of the Property

The accompanying statements of revenue over certain operating expenses (the “Statements”) of the office property known as **Westchase** located at 10370 and 10350 Richmond Avenue, Houston, Texas (the “Property”). The Property consists of two, 14-story, multi-tenant office buildings containing an aggregate of approximately 629,022 rentable square feet of space and a parking garage located on approximately 6.5 acres of land. The Property was owned by Granite Westchase Partners, Ltd. and sold to FSP Westchase LLC (the “Property Owner”), a subsidiary of Franklin Street Properties Corp., on November 1, 2012.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying Statements have been prepared on the accrual basis of accounting. The Statements have been prepared in accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission for real estate properties acquired or to be acquired. Accordingly, these Statements exclude certain historical expenses not comparable to the operations of the Property after acquisition such as amortization, depreciation, interest, corporate expenses and certain other costs not directly related to future operations of the Property. Therefore, the amounts reported in the Statements may not be comparable to the results of operations reported for the future operations of the Property. Except for this factor, the Property Owner is not aware of any material factors during the year ended December 31, 2011, or the period January 1, 2012 to September 30, 2012, that would cause the reported financial information not to be indicative of future operating results.

The accompanying interim statement of revenue over certain operating expenses for the period January 1, 2012 to September 30, 2012 is unaudited. In the opinion of management, all adjustments, consisting only of normal and recurring adjustments considered necessary for a fair statement, have been included. The reported results are not necessarily indicative of the results that may be expected for a full year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of revenues and certain expenses during the reporting period. Actual results could differ from these estimates.

Westchase

Notes to Statements of Revenue over Certain Operating Expenses For the Period January 1, 2012 to September 30, 2012 (Unaudited) And for the Year Ended December 31, 2011

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Rental income includes income from leases, certain reimbursable expenses, and straight-line rent adjustments associated with renting the Property. A summary of rental income is shown in the following table:

	January 1, 2012 to September 30, 2012 (Unaudited)	Year Ended December 31, 2011
Lease revenue	\$ 7,842,721	\$ 9,756,461
Parking revenue	108,765	132,788
Straight-line rent adjustment	421,289	696,879
Reimbursable expenses and other	3,936,976	4,166,472
Total	<u>\$ 12,309,751</u>	<u>\$ 14,752,600</u>

Rental income from the leases, which includes rent concessions and scheduled increases in rental rates during the lease terms, are recognized on a straight-line basis. Reimbursable costs are included in rental income in the period earned.

Subsequent Events

The Property Owner has evaluated all subsequent events through December 20, 2012, the date the Statements were available to be issued.

3. Leasing Operations

Minimum future rentals due under non-cancelable operating leases as follows:

	Amount
Year Ending December 31, 2012	\$ 10,524,203
Year Ending December 31, 2013	11,088,437
Year Ending December 31, 2014	11,090,618
Year Ending December 31, 2015	9,323,807
Year Ending December 31, 2016	7,247,466
Thereafter	18,472,050
	<u>\$ 67,746,581</u>

In addition, the lessees are liable for real estate taxes and certain operating expenses of the Property.

Westchase

Notes to Statements of Revenue over Certain Operating Expenses For the Period January 1, 2012 to September 30, 2012 (Unaudited) And for the Year Ended December 31, 2011

4. Related Party Transactions

Management fees were paid to a general partner of Granite Westchase Partners, Ltd. Amounts paid during the period January 1, 2012 to September 30, 2012 (unaudited) and for the year ended December 31, 2011 were \$841,281 and \$1,026,473, respectively.

5. Concentration of Risks

For the period January 1, 2012 to September 30, 2012 (unaudited) and for the year ended December 31, 2011, 41% and 39%, respectively, of all of the rental income was recognized from two tenants. As such, future recognition is dependent upon the financial strength of the lessees and their ability to perform under the lease agreements.

SELECTED COMBINING CONDENSED CONSOLIDATED PRO FORMA FINANCIAL DATA

The following unaudited pro forma condensed consolidated financial statements of Franklin Street Properties Corp. (“FSP Corp.” or the “Registrant”) gives effect to the acquisition of a property (“Westchase”) on November 1, 2012 for approximately \$154.8 million by FSP Westchase LLC (the “Westchase Purchaser”), a wholly-owned subsidiary of FSP Corp.

The unaudited pro forma condensed consolidated financial statements are based upon the historical consolidated financial statements of FSP Corp. included in our Annual Report on Form 10-K for the year ended December 31, 2011, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, and the financial statements of Westchase for the period January 1, 2012 through September 30, 2012 and for the year ended December 31, 2011. The financial statements of Westchase have been prepared pursuant to the requirements of Rule 3-14 of Regulation S-X of the Securities and Exchange Commission. The pro forma consolidated balance sheets have been presented as if the acquisition occurred as of September 30, 2012. The pro forma condensed consolidated statements of income for the nine months ended September 30, 2012 and for the year ended December 31, 2011 are presented as if the acquisition was completed on January 1, 2011.

Certain balances in the Westchase financial statements have been reclassified to conform to FSP Corp.’s presentation.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the actual results of operations of Westchase for the periods indicated, nor do they purport to represent the results of operations of the entities for any future period. We expect to fund this acquisition initially with our revolving credit facility and may use other long term capital options determined based upon market conditions in the future. These unaudited pro forma financial statements are provided for informational purposes only and upon completion of the planned long term financing of this acquisition our financial position and results of operations may be significantly different than what is presented in these unaudited pro forma financial statements.

Franklin Street Properties Corp.
 Unaudited Combining Condensed Consolidated Pro Forma Balance Sheets
 September 30, 2012
 (dollars in thousands, except per share amounts)

	Historical FSP Corp. (a)	Pro Forma Adjustments (b)	Pro Forma
Assets:			
Real estate assets, net	\$ 1,015,984	\$ 130,000	\$ 1,145,984
Acquired real estate leases, net	92,717	24,947	117,664
Investment in non-consolidated REITs	85,927	-	85,927
Assets held for sale	685	-	685
Cash and cash equivalents	23,962	-	23,962
Restricted cash	546	-	546
Tenant rents receivable, net	1,182	-	1,182
Straight line rents receivable, net	34,190	-	34,190
Prepaid expenses	2,336	-	2,336
Related party mortgage loan receivables	108,236	-	108,236
Other assets	7,939	-	7,939
Office computers & furniture, net	528	-	528
Deferred leasing commissions, net	21,702	-	21,702
Total assets	\$ 1,395,934	\$ 154,947	\$ 1,550,881
Liabilities and stockholders' equity:			
Liabilities:			
Bank note payable	\$ 82,000	\$ 152,782	\$ 234,782
Term loan payable	400,000	-	400,000
Accounts payable and accrued expenses	26,462	-	26,462
Accrued compensation	2,194	-	2,194
Tenant security deposits	2,281	299	2,580
Other liabilities: derivative liability	1,671	-	1,671
Acquired unfavorable real estate leases, net	6,730	2,022	8,752
Total liabilities	521,338	155,103	676,441
Stockholders' Equity:			
Preferred stock	-	-	-
Common stock	8	-	8
Additional paid in capital	1,042,876	-	1,042,876
Accumulated other comprehensive loss	(1,671)	-	(1,671)
Accumulated distributions in excess of accumulated earnings	(166,617)	(156)	(166,773)
Total stockholders' equity	874,596	(156)	874,440
Total liabilities and stockholders' equity	\$ 1,395,934	\$ 154,947	\$ 1,550,881

Franklin Street Properties Corp.
Unaudited Combining Condensed Consolidated Pro Forma Statements of Income
For the Nine Months Ended
September 30, 2012
(dollars in thousands, except per share amounts)

	Historical FSP Corp.	Westchase Acquisition (c)	Pro Forma
Revenue:			
Rental income	\$ 110,124	\$ 12,463	\$ 122,587
Related party revenue:			
Management fees and interest on loans	9,146	-	9,146
Other	112	-	112
Total revenue	119,382	12,463	131,845
Expenses:			
Rental operating expenses	26,940	3,320	30,260
Real estate taxes and insurance	16,952	2,104	19,056
Depreciation and amortization	39,647	6,381	46,028
Selling, general and administrative	7,454	-	7,454
Interest	11,901	1,931	13,832
Total expenses	102,894	13,736	116,630
Income (loss) before interest income, equity in earnings			
in non-consolidated REITs and taxes	16,488	(1,273)	15,215
Interest Income	17	-	17
Equity in income of non-consolidated REITs	1,061	-	1,061
Taxes on income (a)	236	83	319
Income (loss) from continuing operations	17,330	(1,356)	15,974
Weighted average shares outstanding,			
basic and diluted	82,937		82,937
Income per share attributable to:			
Continuing operations, basic and diluted	\$ 0.21		\$ 0.19

Franklin Street Properties Corp.
 Unaudited Pro Forma Condensed Consolidated Statements of Income
 For the Year Ended
 December 31, 2011
 (dollars in thousands, except per share amounts)

	Historical FSP Corp.	Westchase Acquisition (d)	Pro Forma
Revenue:			
Rental income	\$ 135,391	\$ 15,827	\$ 151,218
Related party revenue:			
Management fees and interest on loans	4,046	-	4,046
Other	49	-	49
Total revenue	139,486	15,827	155,313
Expenses:			
Rental operating expenses	36,685	4,444	41,129
Real estate taxes and insurance	20,433	2,402	22,835
Depreciation and amortization	48,249	8,508	56,757
Selling, general and administrative	6,913	156	7,069
Interest	12,666	2,573	15,239
Total expenses	124,946	18,083	143,029
Income (loss) before interest income, equity in earnings			
in non-consolidated REITs and taxes	14,540	(2,256)	12,284
Interest Income	22	-	22
Equity in income of non-consolidated REITs	3,685	-	3,685
Taxes on income (a)	267	104	371
Income (loss) from continuing operations	17,980	(2,360)	15,620
Weighted average shares outstanding,			
basic and diluted	81,857		81,857
Income per share attributable to:			
Continuing operations	\$ 0.22		\$ 0.19

FRANKLIN STREET PROPERTIES CORP.
NOTES TO UNAUDITED COMBINING CONDENSED CONSOLIDATED
PRO FORMA FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

BASIS OF PRESENTATION

The following unaudited combining condensed consolidated pro forma financial statement presentation has been prepared based upon certain pro forma adjustments to the historical consolidated financial statements of FSP Corp. The pro forma balance sheets are presented as if the acquisition occurred as of September 30, 2012. The pro forma statements of income are presented as if the acquisition occurred as of the beginning of the periods presented.

The acquisition of Westchase has been treated as a business combination. The Westchase purchase price has been allocated to the assets acquired and liabilities assumed based upon estimates of their fair values as of the effective date of the acquisition as determined in accordance with generally accepted accounting principles in the United States (or “GAAP”).

PRO FORMA ADJUSTMENTS

Certain assumptions regarding the operations of FSP Corp. have been made in connection with the preparation of the combining condensed consolidated financial pro forma information. These assumptions are as follows:

FSP Corp. elected to be, and is qualified as, a real estate investment trust for federal income tax purposes. FSP Corp. has met the various required tests; therefore, no provision for federal or state income taxes has been reflected on real estate operations except for a margin tax related to real estate operations in Texas.

- (a) FSP Corp. has subsidiaries which are not in the business of real estate operations. Those subsidiaries are taxable as real estate investment trust subsidiaries, or TRS, and are subject to income taxes at statutory tax rates. The taxes on income shown in the pro forma condensed consolidated statements of income are the taxes on the income of the TRS. There are no material items that would cause a deferred tax asset or a deferred tax liability.

- Represents the effect of the acquisition of Westchase on November 1, 2012. We financed this acquisition with borrowings under our \$500,000 unsecured revolving credit facility. The purchase price of this property was \$154,750 before purchase credits of \$1,825 and excluding \$156 of estimated acquisition related costs. We allocated \$130,000 of the purchase price to real estate properties, \$24,947 to acquired real estate leases and \$2,022 to acquired unfavorable real estate leases. The values assigned to the assets acquired are estimated and the final allocation may differ.
- (b)

FRANKLIN STREET PROPERTIES CORP.
NOTES TO UNAUDITED COMBINING CONDENSED CONSOLIDATED
PRO FORMA FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

(c) The following table presents the operations of Westchase for the period January 1, 2012 through September 30, 2012.

	<u>Westchase Historical</u>	<u>Adjustments resulting from Acquisition</u>	<u>Pro Forma Adjustment</u>
Revenue:			
Rental (1)	\$ 12,310	\$ 153	\$ 12,463
Total revenue	<u>12,310</u>	<u>153</u>	<u>12,463</u>
Expenses:			
Rental operating expenses	3,320	—	3,320
Real estate taxes and insurance	2,104	—	2,104
Selling, general and administrative (2)	—	—	—
Depreciation and amortization (3)	—	6,381	6,381
Interest (4)	—	1,931	1,931
Total expenses	<u>5,424</u>	<u>8,312</u>	<u>13,736</u>
Income (loss) before taxes	6,886	(8,159)	(1,273)
Taxes on income (5)	—	83	83
Income (loss) from continuing operations	<u>\$ 6,886</u>	<u>\$ (8,242)</u>	<u>\$ (1,356)</u>

- The pro forma rental adjustment includes amounts related to the amortization of approximately \$785 of acquired above market leases with a weighted average term of approximately 38 months and approximately \$2,022 of acquired below market leases with a weighted average term of approximately 54 months, which are being amortized over the remaining non-cancelable terms in accordance with GAAP.
- 1) Acquisition costs described in Pro Forma Adjustment (b) above are treated as if occurred prior to January 1, 2012.

- The pro forma adjustment relates to depreciation of approximately \$121,509 of acquired building and improvements using a straight-line method over an estimated life of 39 years. In addition, the adjustment
- 3) includes amortization of the value of approximately \$24,162 of acquired in place leases (exclusive of the value of above and/or below market leases), which are being amortized over the remaining non-cancelable weighted average term of approximately 54 months in accordance with GAAP.

- The pro forma adjustment relates to the effect on interest expense related to the approximately \$152,782 of
- 4) the acquisition funded with borrowing under our revolving credit facility at our then current incremental borrowing rate of 1.66% per annum.

- 5) The pro forma adjustment relates to the effect on income taxes of a margin tax related to real estate operations in Texas at a rate of approximately 0.7% of taxable revenues.

FRANKLIN STREET PROPERTIES CORP.
NOTES TO UNAUDITED COMBINING CONDENSED CONSOLIDATED
PRO FORMA FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

(d) The following table presents the operations of Westchase for the year ended December 31, 2011.

	<u>Westchase Historical</u>	<u>Adjustments resulting from Acquisition</u>	<u>Pro Forma Adjustment</u>
Revenue:			
Rental (1)	\$ 15,623	\$ 204	\$ 15,827
Total revenue	<u>15,623</u>	<u>204</u>	<u>15,827</u>
Expenses:			
Rental operating expenses	4,444	—	4,444
Real estate taxes and insurance	2,402	—	2,402
Selling, general and administrative (2)	—	156	156
Depreciation and amortization (3)	—	8,508	8,508
Interest (4)	—	2,573	2,573
Total expenses	<u>6,846</u>	<u>11,237</u>	<u>18,083</u>
Income (loss) before taxes	8,777	(11,033)	(2,256)
Taxes on income (5)	—	104	104
Income (loss) from continuing operations	<u>\$ 8,777</u>	<u>\$ (11,137)</u>	<u>\$ (2,360)</u>

- The pro forma rental adjustment includes amounts related to the amortization of approximately \$785 of acquired above market leases with a weighted average term of approximately 38 months and approximately \$2,022 of acquired below market leases with a weighted average term of approximately 54 months, which are being amortized over the remaining non-cancelable terms in accordance with GAAP.
- 1) The pro forma adjustment for acquisition costs described in Pro Forma Adjustment (b) above are treated as if occurred on January 1, 2011.
 - 2) The pro forma adjustment relates to depreciation of approximately \$121,509 of acquired building and improvements using a straight-line method over an estimated life of 39 years. In addition, the adjustment includes amortization of the value of approximately \$24,162 of acquired in place leases (exclusive of the value of above and/or below market leases), which are being amortized over the remaining non-cancelable weighted average term of approximately 54 months in accordance with GAAP.
 - 3) The pro forma adjustment relates to the effect on interest expense related to the approximately \$152,782 of the acquisition funded with borrowing under our revolving credit facility at our then current incremental borrowing rate of 1.66% per annum.
 - 4) The pro forma adjustment relates to the effect on income taxes of a margin tax related to real estate operations in Texas at a rate of approximately 0.7% of taxable revenues.
 - 5)