

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

BNP RESIDENTIAL PROPERTIES INC

CIK: **812150** | IRS No.: **561574675** | State of Incorporation: **MD** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-09496** | Film No.: **04815826**
SIC: **6798** Real estate investment trusts

Mailing Address
3850 ONE FIRST UNION
CENTER
CHARLOTTE NC 28202

Business Address
C/O BODDIE NOELL
PROPERTIES INC
3850 ONE FIRST UNION
CENTER
CHARLOTTE NC 28202
7049440100

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): May 17, 2004

BNP Residential Properties, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State of incorporation)

1-9496

(Commission File Number)

56-1574675

(IRS Employer
Identification No.)

301 S. College Street, Suite 3850, Charlotte, NC 28202

(Address or principal executive offices, Zip Code)

Registrant's telephone number 704/944-0100

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Shareholder report, mailed May 17, 2004, announcing the results of operations and financial condition of BNP Residential Properties, Inc. as of and for the three months ended March 31, 2004.

Item 12. Disclosure of Results of Operations and Financial Condition

On May 17, 2004, BNP Residential Properties, Inc. issued a shareholder report announcing the results of operations and financial condition of the company as of and for the quarter ended March 31, 2004. A copy of this report is included as Exhibit 99.1 to this report.

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.

BNP Residential Properties, Inc.
(Registrant)

May 18, 2004

by: /s/ Pamela B. Bruno

Pamela B. Bruno
Vice President, Controller and
Chief Accounting Officer

To Our Shareholders

By virtually any measure we had a very good first quarter. As a result of continued improvement in apartment operations, funds from operations, funds available for distribution and earnings per share all increased by significant amounts as compared to the first quarter of 2003.

Revenues: Total revenue in the first quarter of 2004 was \$11.2 million, an increase of 9.6% compared to 2003. Apartment related income (apartment rental income plus income from apartment management and investment activities) accounted for 91.5% of total revenue in the first quarter of 2004 compared to 90.2% in 2003. Restaurant rental income was 8.5% of total revenue in the first quarter of 2004 as compared to 9.8% in 2003.

Apartments: Apartment rental income in the first quarter of 2004 was \$10.1 million, an increase of 13.1% compared to 2003. This increase was attributable to the acquisition of two apartment communities in 2003, as well as increased rental income at all apartment communities. For the first quarter, average economic occupancy for all apartments was 94.9% in 2004 compared to 90.9% in 2003. Average monthly revenue per occupied unit for all apartments was \$727 in 2004 compared to \$732 in 2003.

On a same units basis, apartment revenue increased by 4.5% in the first quarter of 2004, reflecting improved apartments performance. On a same units basis, average economic occupancy was 95.1% for the first quarter of 2004 compared to 90.9% for 2003. Average monthly revenue per occupied unit for the same units was \$731 in the first quarter of 2004 compared to \$732 in 2003.

Restaurants: Restaurant rental income in the first quarter of 2004 declined from 2003 by 4.2% to \$957,000. The decrease was the result of the sale of two restaurant properties in 2003. Restaurant rental income for both 2004 and 2003 was the minimum rent. "Same store" sales at our restaurant properties increased by 16.0% in the first quarter of 2004 compared to 2003.

Other Income: Management fee income for the first quarter of 2004 decreased to \$198,000 from \$227,000 in 2003. This decrease is attributable to the termination of management contracts for several smaller properties in the first quarter of 2003.

Expenses: Total expenses, including non-cash charges for depreciation and amortization, were \$10.8 million in the first quarter of 2004, an increase of 7.3% compared to 2003.

Apartment operations expense (the direct costs of on-site operations) was \$3.9 million in the first quarter of 2004, an increase of 11.2% compared to 2003. The increase reflects the addition of two apartment communities in 2003. On a same units basis, apartment operations expense was flat. Apartment operations expense represented 38.4% of related apartment rental income for the first quarter of 2004 compared to 39.1% in 2003.

Apartment administrative expense (the costs associated with oversight, accounting and support of the Company's apartment management activities for both owned and third party properties) was \$426,000 in the first quarter of 2004 compared to \$327,000 in 2003. Corporate administration expense was \$666,000 in the first quarter of 2004 compared to \$687,000 in 2003.

Funds From Operations: Funds from operations of the operating partnership for the first quarter of 2004 increased by 14.3% to \$2.7 million from \$2.4 million in the first quarter of 2003. FFO per diluted share was \$0.33 per share compared to \$0.31 per share in 2003, an increase of 6.3%. (See also "Non-GAAP Information" below)

Net Income: Net income for the first quarter of 2004 increased by 155.9% to \$373,000 compared to \$146,000 in 2003. On a diluted basis, net income available to common shareholders was \$0.02 per common share for the first quarter of 2004 compared to \$0.00 per common share in 2003.

Outlook: The improvement in apartment operating results in the first quarter was primarily the result of a 4.5% increase in same unit occupancy at our apartment communities. With occupancy at our apartment properties averaging approximately 95% for the first quarter; we have essentially attained our occupancy goals. Going forward the issue will be whether we can maintain this level of occupancy while beginning to raise rents. While we are comfortable that we will be able to

hold occupancy at current levels, we are not as certain of our ability to meaningfully increase rents over the short-term. The markets in which we own and operate apartment properties appear to have begun to recover from the over-building, job losses and torpid economy that have so adversely effected apartment operations for the past couple of years, but it is too early to say with any certainty how strong or how long this recovery will be.

In addition to the improvement in apartment operating results, sales at our restaurant properties continued to show dramatic increases during the first quarter with same store sales improving by slightly more than 16%. While this improvement did not result in our receiving increased restaurant rental revenue, it is certainly encouraging that our restaurant operator may have found in the "Thickburger" an answer to stem years of declining sales.

Over the coming months, we intend to continue to improve both the size and quality of our portfolio. To help insure that we would have sufficient funds to take advantage of opportunities to acquire new apartment properties and to improve our existing communities, we raised \$13.8 million in new equity from a number of institutional investors during the first quarter.

We are optimistic about the future of our properties, our markets and our company. We believe we have the plan, focus and personnel to maximize the opportunities presented to us.

Sincerely,

Philip S. Payne
Chairman and
Chief Financial Officer

D. Scott Wilkerson
President and
Chief Executive Officer

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BNP Residential Properties, Inc.
Condensed Consolidated Balance Sheets
<TABLE>
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	March 31 2004 (Unaudited)	December 31 2003
<S>	<C>	<C>
Assets		
Real estate investments at cost:		
Apartment properties	\$300,164,836	\$299,661,224
Restaurant properties	37,405,385	37,405,385
	337,570,221	337,066,609
Less accumulated depreciation	(58,537,237)	(56,052,569)
	279,032,984	281,014,040
Cash and cash equivalents	1,192,405	564,426
Other assets	3,958,649	3,408,127
Intangible related to acquisition of management operations, net	1,115,088	1,115,088
Deferred financing costs, net	1,050,810	1,098,025
Total assets	\$286,349,936	\$287,199,706
Liabilities and Shareholders' Equity		
Deed of trust and other notes payable	\$216,438,372	\$229,714,263
Accounts payable and accrued expenses	2,486,745	1,408,659
Deferred revenue and security deposits	1,303,755	1,343,999
Deferred credit for defeasance of interest, net	26,240	104,960
Total liabilities	220,255,112	232,571,881
Minority interest in Operating Partnership	15,470,003	15,894,909
Shareholders' equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, 909,090 shares issued and outstanding at March 31, 2004, 909,090 shares issued and outstanding at December 31, 2003	10,000,000	10,000,000
Common stock, \$.01 par value, 100,000,000 shares authorized, 7,098,698 shares issued and outstanding at March 31, 2004,		

5,907,133 shares issued and outstanding at December 31, 2003	70,987	59,071
Additional paid-in capital	84,707,186	71,473,473
Dividends distributed in excess of net income	(44,153,352)	(42,799,628)

Total shareholders' equity	50,624,821	38,732,916

Total liabilities and shareholders' equity	\$286,349,936	\$287,199,706
=====		

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BNP Residential Properties, Inc.
Highlights of Consolidated Income and Funds from Operations
(Unaudited)

<TABLE>
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	Three months ended March 31	
	2004	2003
	<C>	<C>

<S>		
Revenues		
Apartment rental income	\$10,053,060	\$ 8,886,284
Restaurant rental income	957,447	999,326
Interest and other income	220,681	357,170

	11,231,188	10,242,780
Expenses		
Apartment operations and administration	4,288,503	3,800,957
Corporate administration	666,171	687,065
Depreciation and amortization	2,627,593	2,406,289
Interest	3,240,494	3,196,056

	10,822,761	10,090,367

Income before minority interest	408,427	152,413
Minority interest in Operating Partnership	35,368	6,623

Net income	373,059	145,790
Cumulative preferred dividend	250,000	125,000

Income available to common shareholders	\$ 123,059	\$ 20,790
=====		
Income before minority interest	\$ 408,427	\$ 152,413
less cumulative preferred dividend	(250,000)	(125,000)
Add depreciation	2,539,588	2,333,318

Funds from operations	\$ 2,698,015	\$ 2,360,731
=====		
Per share data (basic):		
Net income	\$ 0.06	\$ 0.02
Income available to common shareholders	0.02	0.00
Per share data (diluted):		
Net income	0.05	0.02
Income available to common shareholders	0.02	0.00
Funds from operations	0.33	0.31
Weighted average Preferred B shares outstanding	909,090	454,545
Weighted average common shares outstanding	6,405,944	5,839,474
Weighted average Operating Partnership minority units outstanding	1,841,098	1,844,264

Notes to Financial Information

<FN>

(1) Summary information - We have provided summary information in this report. We included complete financial statements in our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission. Our independent accountants have not audited this summary information, except for the balance sheet at December 31, 2003. We derived the amounts in the balance sheet at December 31, 2003, from the audited financial statements included in our 2003 Annual Report.

(2) Non-GAAP measurements - Funds from operations (frequently referred to as FFO) is generally defined as net income plus certain non-cash items, primarily depreciation. Because we hold all of our assets in and conduct all of our operations through the Operating Partnership, we measure FFO at the Operating Partnership level (before minority interest). FFO is intended to be a supplemental measure of operating performance that excludes historical cost depreciation from - or "adds it back" to - GAAP net income. We consider FFO to be a useful measure of operating performance. However, you should not consider FFO to be an alternative to net income as an indication of the Company's performance, or to cash flow from operations as a measure of liquidity.

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Corporate Information

BNP Residential Properties, Inc. is a self-administered and self-managed real estate investment trust that operates apartment communities in North Carolina, South Carolina and Virginia. We own and operate 20 apartment communities containing 4,859 apartments. We also manage 8 other communities containing 2,061 units for third parties. In addition, we own 40 properties that we lease on a triple net basis to a restaurant operator.

Corporate Headquarters

BNP Residential Properties, Inc.
301 South College Street, Suite 3850
Charlotte, NC 28202-6024
Telephone (704) 944-0100
Facsimile (704) 944-2039

Directors

Philip S. Payne, Chairman, Treasurer and CFO
D. Scott Wilkerson, President and CEO
Stephen R. Blank
B. Mayo Boddie
Paul G. Chrysson
W. Michael Gilley
Peter J. Weidhorn

Transfer Agent and Registrar

Wachovia Bank, N. A.
Shareholder Services Group NC-1153
1525 West W.T. Harris Blvd., 3C3
Charlotte, NC 28288-1153
Telephone (800) 829-8432

Dividend Reinvestment and Stock Purchase Plan

Shareholders may automatically reinvest their dividends in additional common stock of BNP Residential Properties through the Dividend Reinvestment Plan, which also provides for additional share purchase through cash contributions. For additional information, please contact Wachovia Bank, N. A. or Andrea Burris at our corporate offices.

Trading Information

The common shares of BNP Residential Properties, Inc. are traded on the American Stock Exchange under the symbol "BNP".

Additional Information

Shareholders, analysts and others seeking information about BNP Residential Properties, Inc. are invited to contact Philip Payne or Andrea Burris at our corporate offices. You may e-mail information requests to

