

FRANKLIN STREET PROPERTIES CORP /MA/  
Form 10-Q  
August 01, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10 - Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2012.

OR

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: 001-32470

**Franklin Street Properties Corp.**

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of incorporation  
or organization)

04-3578653  
(I.R.S. Employer Identification No.)

401 Edgewater Place, Suite 200

Wakefield, MA 01880

(Address of principal executive offices)(Zip Code)

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(781) 557-1300

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 the definitions 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

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**FORM 10-Q, Continued**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES

NO

The number of shares of common stock outstanding as of July 27, 2012 was 82,937,405.

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Franklin Street Properties Corp.

Form 10-Q

Quarterly Report

June 30, 2012

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Signatures

## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements

## Franklin Street Properties Corp.

## Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except share and par value amounts)	June 30, 2012	December 31, 2011
Assets:		
Real estate assets:		
Land	\$ 137,503	\$ 137,503
Buildings and improvements	1,027,321	1,020,449
Fixtures and equipment	896	856
	1,165,720	1,158,808
Less accumulated depreciation	168,375	152,587
Real estate assets, net	997,345	1,006,221
Acquired real estate leases, less accumulated amortization of \$32,337 and \$31,189, respectively	82,769	91,613
Investment in non-consolidated REITs	86,658	87,598
Cash and cash equivalents	22,620	23,813
Restricted cash	533	493
Tenant rent receivables, less allowance for doubtful accounts of \$1,300 and \$1,235, respectively	1,403	1,460
Straight-line rent receivable, less allowance for doubtful accounts of \$135 and \$135, respectively	33,142	28,545
Prepaid expenses	2,605	1,223
Related party mortgage loan receivables	177,536	140,516
Other assets	3,184	4,070
Office computers and furniture, net of accumulated depreciation of \$500 and \$428, respectively	456	468
Deferred leasing commissions, net of accumulated amortization of \$10,706 and \$9,220, respectively	22,112	22,641
Total assets	\$ 1,430,363	\$ 1,408,661
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 494,000	\$ 449,000
Accounts payable and accrued expenses	25,408	26,446
Accrued compensation	944	2,222
Tenant security deposits	2,113	2,008
Acquired unfavorable real estate leases, less accumulated amortization of \$4,203 and \$3,759, respectively	6,875	7,618
Total liabilities	529,340	487,294
Commitments and contingencies		
Stockholders' Equity:		

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Preferred stock, \$.0001 par value, 20,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$.0001 par value, 180,000,000 shares authorized, 82,937,405 and 82,937,405 shares issued and outstanding, respectively	8	8
Additional paid-in capital	1,042,876	1,042,876
Accumulated distributions in excess of accumulated earnings	(141,861)	(121,517)
Total stockholders' equity	901,023	921,367
Total liabilities and stockholders' equity	\$ 1,430,363	\$ 1,408,661

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

## Franklin Street Properties Corp.

## Condensed Consolidated Statements of Income

(Unaudited)

(in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue:				
Rental	\$ 35,830	\$ 33,606	\$ 72,498	\$ 64,705
Related party revenue:				
Management fees and interest income from loans	3,045	1,150	5,661	1,958
Other	39	7	73	13
Total revenue	38,914	34,763	78,232	66,676
Expenses:				
Real estate operating expenses	8,828	8,765	17,905	17,495
Real estate taxes and insurance	5,576	5,228	11,389	9,987
Depreciation and amortization	13,224	12,029	26,480	22,774
Selling, general and administrative	2,236	1,602	4,313	3,247
Interest	4,037	3,578	7,714	5,986
Total expenses	33,901	31,202	67,801	59,489
Income before interest income, equity in earnings of non-consolidated REITs and taxes	5,013	3,561	10,431	7,187
Interest income	4	5	12	16
Equity in earnings of non-consolidated REITs	494	1,166	885	2,134
Income before taxes on income	5,511	4,732	11,328	9,337
Taxes on income	77	68	156	118
Income from continuing operations	5,434	4,664	11,172	9,219
Discontinued operations:				
Income from discontinued operations, net of income tax	-	3,371	-	3,990
Gain on sale of property less applicable income tax	-	2,346	-	21,939
Total discontinued operations	-	5,717	-	25,929
Net income	\$ 5,434	\$ 10,381	\$ 11,172	\$ 35,148
Weighted average number of shares outstanding, basic and diluted	82,937	81,437	82,937	81,437
Earnings per share, basic and diluted, attributable to:				
Continuing operations	\$ 0.07	\$ 0.06	\$ 0.13	\$ 0.11
Discontinued operations	-	0.07	-	0.32
Net income per share, basic and diluted	\$ 0.07	\$ 0.13	\$ 0.13	\$ 0.43

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





**Franklin Street Properties Corp.**

**Condensed Consolidated Statements of Other Comprehensive Income**

**(Unaudited)**

(in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$ 5,434	\$ 10,381	\$ 11,172	\$ 35,148
Other comprehensive income:				
Unrealized gain on derivative financial instruments	-	-	-	94
Amortized gain on derivative financial instruments	-	381	-	536
Total other comprehensive income	-	381	-	630
Comprehensive income	\$ 5,434	\$ 10,762	\$ 11,172	\$ 35,778

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

**Franklin Street Properties Corp.**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

For the  
Six Months Ended  
June 30,

(in thousands)