

FRANKLIN STREET PROPERTIES CORP /MA/
Form 10-Q
October 30, 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 September 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)

Edgar Filing: FRANKLIN STREET PROPERTIES CORP /MA/ - Form 10-Q

(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

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 October 26, 2012 was 82,937,405.

Franklin Street Properties Corp.

Form 10-Q

Quarterly Report

September 30, 2012

Table of Contents

<u>Part I.</u>	<u>Financial Information</u>	<u>Page</u>
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011</u>	3
	<u>Condensed Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2012 and 2011</u>	4
	<u>Condensed Consolidated Statements of Other Comprehensive Income (Loss) for the three and nine months ended September 30, 2012 and 2011</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7-16
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17-30
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
<u>Item 4.</u>	<u>Controls and Procedures</u>	32
<u>Part II.</u>	<u>Other Information</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	33
<u>Item 1A.</u>	<u>Risk Factors</u>	33
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	33
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	33
<u>Item 5.</u>	<u>Other Information</u>	33
<u>Item 6.</u>	<u>Exhibits</u>	33

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)	September 30, 2012	December 31, 2011
Assets:		
Real estate assets:		
Land	\$ 135,845	\$ 132,393
Buildings and improvements	1,051,111	1,006,267
Fixtures and equipment	904	831
	1,187,860	1,139,491
Less accumulated depreciation	171,876	148,266
Real estate assets, net	1,015,984	991,225
Acquired real estate leases, less accumulated amortization of \$35,282 and \$31,189, respectively	92,717	91,613
Investment in non-consolidated REITs	85,927	87,598
Assets held for sale	685	15,355
Cash and cash equivalents	23,962	23,813
Restricted cash	546	493
Tenant rent receivables, less allowance for doubtful accounts of \$1,340 and \$1,235, respectively	1,182	1,460
Straight-line rent receivable, less allowance for doubtful accounts of \$135 and \$135, respectively	34,190	28,502
Prepaid expenses	2,336	1,223
Related party mortgage loan receivables	108,236	140,516
Other assets	7,939	4,070
Office computers and furniture, net of accumulated depreciation of \$547 and \$428, respectively	528	468
Deferred leasing commissions, net of accumulated amortization of \$11,489 and \$9,139, respectively	21,702	22,325
Total assets	\$ 1,395,934	\$ 1,408,661
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 82,000	\$ 449,000
Term loan payable	400,000	-
Accounts payable and accrued expenses	26,462	26,446
Accrued compensation	2,194	2,222
Tenant security deposits	2,281	2,008
Other liabilities: derivative liability	1,671	-
Acquired unfavorable real estate leases, less accumulated amortization of \$4,568 and \$3,759, respectively	6,730	7,618
Total liabilities	521,338	487,294

Edgar Filing: FRANKLIN STREET PROPERTIES CORP /MA/ - Form 10-Q

Commitments and contingencies

Stockholders' Equity:

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 other comprehensive loss	(1,671)	-
Accumulated distributions in excess of accumulated earnings	(166,617)	(121,517)
Total stockholders' equity	874,596	921,367
Total liabilities and stockholders' equity	\$ 1,395,934	\$ 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 (Loss)

(Unaudited)

(in thousands, except per share amounts)	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30,
--	--	---