

SUMMIT PROPERTIES INC

Form 425

February 02, 2005

Filed by Camden Property Trust Pursuant to Rule 425
under the Securities Act of 1933
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under the Securities Exchange Act of 1934

Subject Company: Summit Properties, Inc.
Commission File No.: 001-12792

This filing relates to a proposed acquisition (the Acquisition) by Camden Property Trust (Camden) of Summit Properties, Inc. (Summit) pursuant to the terms of an Agreement and Plan of Merger, dated as of October 4, 2004 (the Merger Agreement), by and among Camden, Camden Summit, Inc. (formerly Camden Sparks, Inc.), a wholly owned subsidiary of Camden, and Summit, as amended pursuant to the terms of Amendment No. 1 to such Merger Agreement dated as of October 6, 2004 and Amendment No. 2 to such Merger Agreement dated as of January 24, 2005. The Merger Agreement is on file with the Securities and Exchange Commission (the Commission) as an exhibit to the Current Report on Form 8-K filed by Camden on October 5, 2004, Amendment No. 1 thereto is on file with the Commission as an exhibit to the Current Report on Form 8-K filed by Camden on October 7, 2004 and Amendment No. 2 thereto is on file with the Commission as an exhibit to the Current Report on Form 8-K filed by Camden on January 25, 2005. Each of the Merger Agreement and the Amendments thereto are incorporated by reference into this filing.

On February 1, 2005, Camden issued a press release reporting its financial results for the quarter and year ended December 31, 2005. The press release has been filed by Camden on Form 8-K. The text of the press release is as follows:

**CAMDEN PROPERTY TRUST ANNOUNCES
FOURTH QUARTER 2004 OPERATING RESULTS**

Houston, TEXAS (February 1, 2005) Camden Property Trust (NYSE: CPT) announced that its net income (EPS) for the fourth quarter of 2004 was \$18.5 million or \$0.43 per diluted share compared to \$9.3 million or \$0.22 per diluted share for the same period in 2003. EPS for the three months ended December 31, 2004 and 2003 included a \$0.23 and \$0.01 per diluted share impact from gain on sale of properties and land, respectively. For the twelve months ended December 31, 2004, EPS totaled \$41.3 million or \$0.98 per diluted share compared to \$29.4 million or \$0.71 per diluted share for the same period in 2003. EPS for the twelve months ended December 31, 2004 and 2003 included a \$0.26 and \$0.06 per diluted share impact from gain on sale of properties and land, respectively.

Funds from operations (FFO) for the fourth quarter of 2004 totaled \$0.86 per diluted share or \$38.2 million, as compared to \$0.84 per diluted share or \$36.8 million reported for the same period in 2003. FFO for the twelve months ended December 31, 2004 totaled \$3.24 per diluted share or \$143.7 million, as compared to \$3.14 per diluted share or \$135.7 million reported for the same period in 2003. 2003 FFO has been adjusted from amounts previously reported to include gains on sale of undepreciated property in accordance with the National Association of Real

Estate Investment Trusts (NAREIT) definition of FFO. A reconciliation of net income to FFO is included in the financial tables accompanying this press release.

Physical occupancy levels averaged 94.1% during the fourth quarter of 2004 as compared to 94.8% in the third quarter of 2004 and 94.5% in the fourth quarter of 2003. For the 43,497 apartment homes included in same-property results, fourth quarter 2004 revenues decreased 0.3% while operating expenses increased 5.3%, producing a 3.9% decline in same-property net operating income (NOI) compared to the fourth quarter of 2003. On a sequential basis, fourth quarter 2004 same-property NOI increased 1.5% compared to third quarter 2004, with revenues declining 0.5% and expenses declining 3.3% compared to the prior quarter. On a year-to-date basis, 2004 same-property NOI declined 0.7%, with revenue growth of 0.9% and expense growth of 3.2% compared to the same period in 2003. A reconciliation of net income to net operating income and same-property net operating income is included in the financial tables accompanying this press release.

Lease-up of Camden Harbor View in Long Beach, CA was completed in January 2005, and that community is currently 95% occupied. Construction continued on Camden Westwind in Ashburn, VA, Camden Lago Vista in Orlando, FL and Camden Farmers Market II in Dallas, TX, with initial occupancies expected at all three communities during early to mid-2005. Camden Westwind is being developed in a joint venture format, with Camden retaining a 20% ownership interest.

During the quarter, Camden disposed of a 552-home apartment community in Orlando, FL for \$23.8 million and sold undeveloped land parcels in Long Beach, CA and Houston, TX for \$11.3 and \$5.7 million respectively. The Company also designated two additional apartment communities in Las Vegas, NV and Tampa, FL as held for sale at year-end. Subsequent to year-end, Camden sold the 432-home apartment community in Las Vegas, NV for approximately \$36.5 million, and expects to complete the remaining sale during the first or second quarter of 2005.

The Company issued \$250 million of 4.375% senior unsecured notes during the fourth quarter, using the proceeds to reduce the balance outstanding under its unsecured credit facility. Subsequent to year-end, Camden amended its unsecured credit facility, increasing the size of the facility from \$500 million to \$600 million, and also executed a \$500 million senior bridge facility that will be used to finance a portion of the acquisition of Summit Properties Inc.

As previously announced, on October 4, 2004, Camden and Summit Properties Inc. executed a definitive merger agreement pursuant to which Summit will be merged with and into a wholly owned subsidiary of Camden. The transaction is currently expected to close on February 28, 2005.

The Company provided initial guidance for 2005 of FFO between \$3.20 and \$3.40 per diluted share and EPS between \$0.27 and \$0.47 per diluted share, excluding any future gains from potential property sales and excluding the impact of any sale by Camden of its investment in the stock of Rent.com as described in the press release dated December 22, 2004 . The 2005 guidance assumes closing of the Summit Properties merger on February 28, 2005, and is based on projections of same-property NOI growth between 1.0% and 3.0%, acquisitions of \$200-\$300 million, dispositions of \$300-\$400 million and new development starts of \$500-\$600 million. The Company also provided guidance for the first quarter of 2005 of \$0.78 to \$0.82 per diluted share for FFO and \$0.12 to \$0.16 per diluted share for EPS. Camden updates its earnings

guidance to the market on a quarterly basis. A reconciliation of expected net income to expected FFO is included in the financial tables accompanying this press release.

The Company will hold a conference call on Wednesday, February 2, 2005 at 9:00 a.m. Central Time to review its fourth quarter results and discuss its outlook for future performance. To participate in the call, please dial (800) 510-0178 (domestic) or (617) 614-3450 (international) by 8:50 a.m. Central Time and request the Camden Property Trust Fourth Quarter Earnings Call, Conference Passcode #13824692, or join the live webcast of the conference call by accessing the Investor Relations section of the Company's website at www.camdenliving.com. Supplemental financial information is available in the Investor Relations section of the Company's website or by calling Camden's Investor Relations Department at (800) 922-6336.

In addition to historical information, this press release contains forward-looking statements under the federal securities law. These statements are based on current expectations, estimates and projections about the industry and markets in which Camden operates, management's beliefs, and assumptions made by management. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties which are difficult to predict.

Camden Property Trust is a real estate company engaged in the ownership, development, acquisition, management and disposition of multifamily apartment communities. Camden owns interests in and operates 144 properties containing 51,456 apartment homes in the Sunbelt and Midwestern markets from Florida to California. Upon completion of three properties under development, the Company's portfolio will increase to 52,570 apartment homes in 147 properties.

For additional information, please contact Camden's Investor Relations Department at (800) 922-6336 or (713) 354-2787 or access our website at <http://www.camdenliving.com>.

Additional Information about the Merger and Where to Find It

In connection with the proposed merger of Summit with and into a wholly owned subsidiary of Camden, on January 25, 2005, Camden filed with the Securities and Exchange Commission a registration statement on Form S-4 that contains a joint proxy statement/prospectus and a registration statement on Form S-4 that contains a consent solicitation/prospectus. **INVESTORS AND SECURITY HOLDERS OF CAMDEN AND SUMMIT ARE URGED TO READ THE MATERIALS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT CAMDEN, SUMMIT AND THE MERGER.** The relevant materials, and any other documents filed by Camden or Summit with the SEC, may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Camden by directing a written request to Camden Property Trust, 3 Greenway Plaza, Suite 1300, Houston, TX 77046, Attention: Investor Relations, and free copies of the documents filed by with the SEC by Summit by directing a written request to Summit Properties Inc. 309 East Morehead Street, Suite 200, Charlotte, NC 28202, Attention: Investor Relations. Investors and security holders are urged to read the joint proxy statement/prospectus and the consent solicitation/prospectus and the other relevant materials before making any voting or investment decision with respect to the merger.

Camden, Summit and their respective executive officers, trust managers and directors may be deemed to be participants in the solicitation of proxies from the security holders of Camden and Summit in connection with the merger. Information about those executive officers and trust managers of Camden and their ownership of Camden common shares is set forth in the proxy statement for Camden's 2004 Annual Meeting of Shareholders, which was filed with the SEC on

March 30, 2004. Information about the executive officers and directors of Summit and their ownership of Summit common stock is set forth in the proxy statement for Summit's 2004 Annual Meeting of Stockholders, which was filed with the SEC on March 24, 2004. Investors and security holders may obtain additional information regarding the direct and indirect interests of Camden, Summit and their respective executive officers, trust managers and directors in the merger by reading the joint proxy statement/prospectus and the consent solicitation/prospectus.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

CAMDEN

OPERATING RESULTS

(In thousands, except per share and property data amounts)

| (Unaudited) | Three Months Ended | | Twelve Months | |
|---|---------------------------|-------------|----------------------|-------------|
| | December 31, | | Ended | |
| <u>OPERATING DATA</u> | 2004 | 2003 | 2004 | 2003 |
| Revenues | | | | |
| Rental revenues | \$ 95,063 | \$ 93,465 | \$ 376,148 | \$ 361,166 |
| Other property revenues | 8,420 | 7,937 | 33,959 | 32,490 |
| Total property revenues | 103,483 | 101,402 | 410,107 | 393,656 |
| Development and construction fees | 2,106 | 1,453 | 7,454 | 5,567 |
| Management fees | 442 | 421 | 1,733 | 1,709 |
| Other revenues | 3,938 | 2,238 | 11,937 | 5,685 |
| Total revenues | 109,969 | 105,514 | 431,231 | 406,617 |
| Expenses | | | | |
| Property operating and maintenance | 31,496 | 29,022 | 124,040 | 115,996 |
| Real estate taxes | 10,763 | 10,238 | 44,747 | 42,957 |
| Total property expenses | 42,259 | 39,260 | 168,787 | 158,953 |
| Property management | 3,412 | 2,660 | 11,924 | 10,154 |
| Fee and asset management | 1,011 | 679 | 3,856 | 3,908 |
| General and administrative | 6,136 | 4,305 | 18,536 | 16,231 |
| Other expenses | | | | 1,389 |
| Interest | 19,513 | 19,955 | 79,214 | 75,414 |
| Amortization of deferred financing costs | 447 | 711 | 2,697 | 2,634 |
| Depreciation | 25,675 | 25,925 | 103,528 | 102,040 |
| Total expenses | 98,453 | 93,495 | 388,542 | 370,723 |
| Income from continuing operations before gain on sale of land, impairment loss on land held for sale, equity in income of joint ventures and minority interests | 11,516 | 12,019 | 42,689 | 35,894 |
| Gain on sale of land | 1,370 | 419 | 2,625 | 2,590 |
| Impairment loss on land held for sale | | | (1,143) | |
| Equity in income of joint ventures | 97 | 48 | 356 | 3,200 |
| Income allocated to minority interests | | | | |
| Distributions on perpetual preferred units | (2,111) | (3,093) | (10,461) | (12,747) |
| Original issuance costs on redeemed perpetual preferred units | | | (745) | |
| Income allocated to common units | (809) | (719) | (2,765) | (2,096) |
| Income from continuing operations | 10,063 | 8,674 | 30,556 | 26,841 |

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| | | | | |
|---|-----------|----------|-----------|-----------|
| Income from discontinued operations | 1,434 | 612 | 3,912 | 2,730 |
| Minority interests from discontinued operations | (1,373) | (36) | (1,495) | (141) |
| Gain on sale of discontinued operations | 8,368 | | 8,368 | |
| Net income | \$ 18,492 | \$ 9,250 | \$ 41,341 | \$ 29,430 |

FUNDS FROM OPERATIONS

| | | | | |
|---|-----------|-----------|------------|------------|
| Net income | \$ 18,492 | \$ 9,250 | \$ 41,341 | \$ 29,430 |
| Real estate depreciation from continuing operations | 25,143 | 25,407 | 101,684 | 99,952 |
| Real estate depreciation from discontinued operations | 209 | 818 | 2,655 | 3,402 |
| Adjustments for unconsolidated joint ventures | 527 | 526 | 2,097 | 678 |
| Minority interests from discontinued operations | 1,373 | 36 | 1,495 | 141 |
| (Gain) on sale of discontinued operations | (8,368) | | (8,368) | |
| Income allocated to common units | 809 | 719 | 2,765 | 2,096 |
| Funds from operations diluted | \$ 38,185 | \$ 36,756 | \$ 143,669 | \$ 135,699 |

PER SHARE DATA

| | | | | |
|---|---------|---------|---------|---------|
| Net income basic | \$ 0.44 | \$ 0.23 | \$ 1.00 | \$ 0.75 |
| Net income diluted | 0.43 | 0.22 | 0.98 | 0.71 |
| Income from continuing operations basic | 0.24 | 0.22 | 0.74 | 0.68 |
| Income from continuing operations diluted | 0.24 | 0.21 | 0.72 | 0.65 |
| Funds from operations diluted | 0.86 | 0.84 | 3.24 | 3.14 |
| Cash distributions | 0.64 | 0.64 | 2.54 | 2.54 |

Weighted average number of common and common equivalent shares outstanding:

| | | | | |
|-------------|--------|--------|--------|--------|
| Basic | 41,588 | 39,743 | 41,430 | 39,355 |
| Diluted | 42,622 | 41,903 | 42,426 | 41,354 |
| FFO diluted | 44,497 | 43,782 | 44,302 | 43,234 |

PROPERTY DATA

| | | | | |
|--|--------|--------|--------|--------|
| Total operating properties (end of period) ^(a) | 144 | 144 | 144 | 144 |
| Total operating apartment homes in operating properties (end of period) ^(a) | 51,456 | 51,344 | 51,456 | 51,344 |
| Total operating apartment homes (weighted average) | 45,927 | 45,381 | 45,683 | 44,985 |

(a) Includes joint venture investments.

Note: Please refer to pages 6 and 7 for definitions and reconciliations of all non-GAAP financial measures presented in this document.

CAMDEN

BALANCE SHEETS

(In thousands)

| <i>(Unaudited)</i> | Dec 31, 2004 | Sep 30, 2004 | Jun 30, 2004 | Mar 31, 2004 | Dec 31, 2003 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ASSETS | | | | | |
| Real estate assets, at cost | | | | | |
| Land | \$ 399,054 | \$ 406,760 | \$ 406,626 | \$ 404,113 | \$ 400,490 |
| Buildings and improvements | 2,511,195 | 2,583,555 | 2,573,099 | 2,538,193 | 2,499,214 |
| | 2,910,249 | 2,990,315 | 2,979,725 | 2,942,306 | 2,899,704 |
| Accumulated depreciation | (688,333) | (680,184) | (653,581) | (627,808) | (601,688) |
| Net operating real estate assets | 2,221,916 | 2,310,131 | 2,326,144 | 2,314,498 | 2,298,016 |
| Properties under development, including land | 176,769 | 174,351 | 163,326 | 156,466 | 189,119 |
| Investment in joint ventures | 9,641 | 10,076 | 10,371 | 10,754 | 11,033 |
| Properties held for sale | 62,418 | 1,800 | 1,800 | 1,800 | |
| Total real estate assets | 2,470,744 | 2,496,358 | 2,501,641 | 2,483,518 | 2,498,168 |
| Accounts receivable affiliates | 31,380 | 30,434 | 29,981 | 28,984 | 25,997 |
| Notes receivable | | | | | |
| Affiliates | 10,367 | 10,010 | 9,665 | 9,335 | 9,017 |
| Other | 44,547 | 53,599 | 48,333 | 41,685 | 41,416 |
| Other assets, net ^(a) | 66,164 | 49,804 | 48,063 | 42,922 | 40,951 |
| Cash and cash equivalents | 2,253 | 2,465 | 1,922 | 3,836 | 3,357 |
| Restricted cash | 3,909 | 4,259 | 4,841 | 6,794 | 6,655 |
| Total assets | \$ 2,629,364 | \$ 2,646,929 | \$ 2,644,446 | \$ 2,617,074 | \$ 2,625,561 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | |
| Liabilities | | | | | |
| Notes payable | | | | | |
| Unsecured | \$ 1,407,208 | \$ 1,435,197 | \$ 1,332,216 | \$ 1,291,074 | \$ 1,277,879 |
| Secured | 169,197 | 170,129 | 229,423 | 230,622 | 231,798 |
| Accounts payable | 31,904 | 28,794 | 31,309 | 26,112 | 26,150 |
| Accrued real estate taxes | 27,324 | 32,732 | 21,935 | 14,165 | 27,407 |
| Accrued expenses and other liabilities | 65,237 | 48,192 | 43,957 | 54,397 | 50,111 |
| Distributions payable | 30,412 | 30,331 | 31,038 | 30,974 | 30,946 |
| Total liabilities | 1,731,282 | 1,745,375 | 1,689,878 | 1,647,344 | 1,644,291 |
| Commitments and contingencies | | | | | |
| Minority interests | | | | | |
| Perpetual preferred units | 115,060 | 115,060 | 149,815 | 149,815 | 149,815 |

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| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Common units | 44,507 | 43,881 | 44,884 | 45,711 | 46,570 |
| Total minority interests | 159,567 | 158,941 | 194,699 | 195,526 | 196,385 |
| Shareholders' equity | | | | | |
| Common shares of beneficial interest | 486 | 486 | 485 | 484 | 483 |
| Additional paid-in capital | 1,348,848 | 1,346,040 | 1,344,366 | 1,340,564 | 1,330,512 |
| Distributions in excess of net income | (361,973) | (353,996) | (333,416) | (314,720) | (297,808) |
| Unearned restricted share awards | (13,023) | (14,069) | (15,384) | (15,937) | (11,875) |
| Treasury shares, at cost | (235,823) | (235,848) | (236,182) | (236,187) | (236,427) |
| Total shareholders' equity | 738,515 | 742,613 | 759,869 | 774,204 | 784,885 |
| Total liabilities and shareholders' equity | \$ 2,629,364 | \$ 2,646,929 | \$ 2,644,446 | \$ 2,617,074 | \$ 2,625,561 |
| <i>(a) includes net deferred charges of:</i> | \$ 11,361 | \$ 8,917 | \$ 8,756 | \$ 9,313 | \$ 9,558 |

CAMDEN

**NON-GAAP FINANCIAL MEASURES
DEFINITIONS & RECONCILIATIONS**
(In thousands, except per share amounts)

(Unaudited)

This document contains certain non-GAAP financial measures that management believes are useful in evaluating an equity REIT's performance. Camden's definitions and calculations of non-GAAP financial measures may differ from those used by other REITs, and thus may not be comparable. The non-GAAP financial measures should not be considered as an alternative to net income as an indication of our operating performance, or to net cash provided by operating activities as a measure of our liquidity.

FFO

The National Association of Real Estate Investment Trusts (NAREIT) currently defines FFO as net income computed in accordance with generally accepted accounting principles (GAAP), excluding gains or losses from of depreciable operating property sales, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Camden's definition of diluted FFO also assumes conversion of all dilutive convertible securities, including minority interests, which are convertible into common equity. The Company considers FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties and excluding depreciation, FFO can help one compare the operating performance of a company's real estate between periods or as compared to different companies. A reconciliation of net income to FFO is provided below:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|--|-----------------|---|-----------------|
| | 2004 | 2003 (a) | 2004 | 2003 (a) |
| Net income | \$ 18,492 | \$ 9,250 | \$ 41,341 | \$ 29,430 |
| Real estate depreciation from continuing operations | 25,143 | 25,407 | 101,684 | 99,952 |
| Real estate depreciation from discontinued operations | 209 | 818 | 2,655 | 3,402 |
| Adjustments for unconsolidated joint ventures | 527 | 526 | 2,097 | 678 |
| Minority interests from discontinued operations | 1,373 | 36 | 1,495 | 141 |
| (Gain) on sale of discontinued operations | (8,368) | | (8,368) | |
| Income allocated to common units | 809 | 719 | 2,765 | 2,096 |
| Funds from operations – diluted | \$ 38,185 | \$ 36,756 | \$ 143,669 | \$ 135,699 |
| Weighted average number of common and common equivalent shares outstanding: | | | | |
| EPS diluted | 42,622 | 41,903 | 42,426 | 41,354 |
| FFO diluted | 44,497 | 43,782 | 44,302 | 43,234 |
| Net income per common share – diluted | \$ 0.43 | \$ 0.22 | \$ 0.98 | \$ 0.71 |
| FFO per common share – diluted | \$ 0.86 | \$ 0.84 | \$ 3.24 | \$ 3.14 |

(a)

FFO for the three months ended and twelve months ended December 31, 2003 previously included a reduction of \$0.4 million and \$2.6 million respectively from gains on sales of undepreciated property. We have adjusted FFO to include these types of gains as they currently do not meet NAREITs definition of gains that should be adjusted from net income in calculating FFO.

Expected FFO

Expected FFO is calculated in a method consistent with historical FFO, and is considered an appropriate supplemental measure of expected operating performance when compared to expected net income (EPS). A reconciliation of the ranges provided for expected net income per diluted share to expected FFO per diluted share is provided below:

| | 1Q05 Range | | 2005 Range | |
|--|-------------------|-------------|-------------------|-------------|
| | Low | High | Low | High |
| Expected net income per share diluted | \$ 0.12 | \$ 0.16 | \$ 0.27 | \$ 0.47 |
| Expected real estate depreciation | 0.62 | 0.62 | 2.76 | 2.76 |
| Expected adjustments for unconsolidated joint ventures | 0.01 | 0.01 | 0.04 | 0.04 |
| Expected income allocated to common units | 0.03 | 0.03 | 0.13 | 0.13 |
| | | | | |
| Expected FFO per share diluted | \$ 0.78 | \$ 0.82 | \$ 3.20 | \$ 3.40 |

Note: This table contains forward-looking statements. Please see the paragraph regarding forward-looking statements on page 2 of this document.

CAMDEN

**NON-GAAP FINANCIAL
MEASURES
DEFINITIONS &
RECONCILIATIONS**

*(In thousands, except per share
amounts)*

(Unaudited)

Net Operating Income (NOI)

NOI is defined by the Company as total property income less property operating and maintenance expenses less real estate taxes. The Company considers NOI to be an appropriate supplemental measure of operating performance to net income because it reflects the operating performance of our communities without allocation of corporate level property management overhead or general and administrative costs. A reconciliation of net income to net operating income is provided below:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|--|------------------|---|-------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Net income | \$ 18,492 | \$ 9,250 | \$ 41,341 | \$ 29,430 |
| Development and construction fees | (2,106) | (1,453) | (7,454) | (5,567) |
| Management fees | (442) | (421) | (1,733) | (1,709) |
| Other revenues | (3,938) | (2,238) | (11,937) | (5,685) |
| Property management expense | 3,412 | 2,660 | 11,924 | 10,154 |
| Fee and asset management expense | 1,011 | 679 | 3,856 | 3,908 |
| General and administrative expense | 6,136 | 4,305 | 18,536 | 16,231 |
| Other expenses | | | | 1,389 |
| Interest expense | 19,513 | 19,955 | 79,214 | 75,414 |
| Amortization of deferred financing costs | 447 | 711 | 2,697 | 2,634 |
| Depreciation | 25,675 | 25,925 | 103,528 | 102,040 |
| Gain on sale of land | (1,370) | (419) | (2,625) | (2,590) |
| Impairment loss on land held for sale | | | 1,143 | |
| Equity in income of joint ventures | (97) | (48) | (356) | (3,200) |
| Distributions on perpetual preferred units | 2,111 | 3,093 | 10,461 | 12,747 |
| Original issuance costs on redeemed perpetual preferred units | | | 745 | |
| Income allocated to common units | 809 | 719 | 2,765 | 2,096 |
| Income from discontinued operations | (1,434) | (612) | (3,912) | (2,730) |
| Minority interests from discontinued operations | 1,373 | 36 | 1,495 | 141 |
| Gain on sale of discontinued operations | (8,368) | | (8,368) | |
| Net Operating Income (NOI) | \$ 61,224 | \$ 62,142 | \$ 241,320 | \$ 234,703 |
| Same Property net operating income | \$ 55,623 | \$ 57,894 | \$ 223,170 | \$ 224,642 |
| Non- Same Property net operating income | 3,930 | 3,634 | 13,912 | 8,957 |
| Development and Lease-Up net operating income | 1,642 | 566 | 4,259 | 1,032 |
| Dispositions / Other net operating income | 29 | 48 | (21) | 72 |

| | | | | |
|----------------------------|-----------|-----------|------------|------------|
| Net Operating Income (NOI) | \$ 61,224 | \$ 62,142 | \$ 241,320 | \$ 234,703 |
|----------------------------|-----------|-----------|------------|------------|

EBITDA

EBITDA is defined by the Company as earnings before interest, taxes, depreciation and amortization, including net operating income from discontinued operations, excluding equity in income of joint ventures, gain on sale of real estate assets, and income allocated to minority interests. The Company considers EBITDA to be an appropriate supplemental measure of operating performance to net income because it represents income before non-cash depreciation and the cost of debt, and excludes gains or losses from property dispositions. A reconciliation of net income to EBITDA is provided below:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|--|------------------|---|-------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Net income | \$ 18,492 | \$ 9,250 | \$ 41,341 | \$ 29,430 |
| Interest expense | 19,513 | 19,955 | 79,214 | 75,414 |
| Amortization of deferred financing costs | 447 | 711 | 2,697 | 2,634 |
| Depreciation | 25,675 | 25,925 | 103,528 | 102,040 |
| Distributions on perpetual preferred units | 2,111 | 3,093 | 10,461 | 12,747 |
| Original issuance costs on redeemed perpetual preferred units | | | 745 | |
| Income allocated to common units | 809 | 719 | 2,765 | 2,096 |
| Real estate depreciation from discontinued operations | 209 | 818 | 2,655 | 3,402 |
| Gain on sale of land | (1,370) | (419) | (2,625) | (2,590) |
| Impairment loss on land held for sale | | | 1,143 | |
| Equity in income of joint ventures | (97) | (48) | (356) | (3,200) |
| Gain on sale of discontinued operations | (8,368) | | (8,368) | |
| Minority interests from discontinued operations | 1,373 | 36 | 1,495 | 141 |
| EBITDA | \$ 58,794 | \$ 60,040 | \$ 234,695 | \$ 222,114 |