

FRANKLIN STREET PROPERTIES CORP /MA/
Form 10-Q
July 30, 2013

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, 2013.

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.)

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

401 Edgewater Place, Suite 200

Wakefield, MA 01880

(Address of principal executive offices)(Zip Code)

(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 July 26, 2013 was 100,187,405.

Franklin Street Properties Corp.

Form 10-Q

Quarterly Report

June 30, 2013

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 June 30, 2013 and December 31, 2012</u>	3
	<u>Condensed Consolidated Statements of Income for the three and six months ended June 30, 2013 and 2012</u>	4
	<u>Condensed Consolidated Statements of Other Comprehensive Income for the three and six months ended June 30, 2013 and 2012</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7-15
	<u>Item 2.</u>	
	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16-30
	<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)	June 30, 2013	December 31, 2012
Assets:		
Real estate assets:		
Land	\$ 160,670	\$ 144,336
Buildings and improvements	1,325,919	1,178,144
Fixtures and equipment	960	904
	1,487,549	1,323,384
Less accumulated depreciation	199,524	180,756
Real estate assets, net	1,288,025	1,142,628
Acquired real estate leases, less accumulated amortization of \$51,938 and \$40,062, respectively	132,662	111,982
Investment in non-consolidated REITs	81,523	81,960
Cash and cash equivalents	24,962	21,267
Restricted cash	602	575
Tenant rent receivables, less allowance for doubtful accounts of \$110 and \$1,300, respectively	2,331	1,749
Straight-line rent receivable, less allowance for doubtful accounts of \$135 and \$135, respectively	37,952	35,441
Prepaid expenses	1,760	1,106
Related party mortgage loan receivables	97,846	93,896
Other assets	10,262	12,655
Other assets: derivative asset	6,739	-
Office computers and furniture, net of accumulated depreciation of \$658 and \$584, respectively	510	544
Deferred leasing commissions, net of accumulated amortization of \$13,325 and \$11,812, respectively	24,877	23,376
Total assets	\$ 1,710,051	\$ 1,527,179
Liabilities and Stockholders' Equity:		
Liabilities:		
Bank note payable	\$ 181,500	\$ 216,750
Term loan payable	400,000	400,000
Accounts payable and accrued expenses	29,971	31,122
Accrued compensation	1,677	2,540
Tenant security deposits	3,074	2,489
Other liabilities: derivative liability	-	1,219
Acquired unfavorable real estate leases, less accumulated amortization of \$5,644 and \$4,870, respectively	12,785	8,310
Total liabilities	629,007	662,430

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, 100,187,405 and 82,937,405 shares issued and outstanding, respectively	10	8
Additional paid-in capital	1,273,585	1,042,876
Accumulated other comprehensive income (loss)	6,739	(1,219)
Accumulated distributions in excess of accumulated earnings	(199,290)	(176,916)
Total stockholders' equity	1,081,044	864,749
Total liabilities and stockholders' equity	\$ 1,710,051	\$ 1,527,179

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 June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012