

BioMed Realty Trust Inc
Form 8-K
November 15, 2010

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**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): November 15, 2010

BioMed Realty Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland

1-32261

20-1142292

(State or Other Jurisdiction of
Incorporation)

(Commission File No.)

(I.R.S. Employer
Identification No.)

**17190 Bernardo Center Drive
San Diego, California 92128**

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(858) 485-9840**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 9.01 Financial Statements and Exhibits.

Explanatory Note:

On September 22, 2010, BioMed Realty Trust, Inc. (the Company) filed a Current Report on Form 8-K with the Securities and Exchange Commission, which included certain financial statements and related notes for the Gateway Business Park and Science Center at Oyster Point life science campuses in South San Francisco, California (the South San Francisco Properties) and the Company's pro forma financial information and related notes for completed acquisitions of identified properties, including the South San Francisco Properties. The Company completed the acquisition of the South San Francisco Properties on October 26, 2010, which was funded by borrowings on the Company's unsecured line of credit. The interest rate swap was not assumed in connection with the close of the acquisition. This Current Report on Form 8-K updates the financial statements and related notes as of and for the nine months ended September 30, 2010 for the South San Francisco Properties and the Company's pro forma financial information and related notes for completed acquisitions through September 30, 2010. This Current Report on Form 8-K also includes BioMed Realty, L.P.'s pro forma financial information and related notes for completed acquisitions through September 30, 2010, including the South San Francisco Properties.

(a) Financial statements:

Chamberlin Portfolio (Referred to as the South San Francisco Properties herein)

Report of Independent Auditor.

Combined Statements of Revenue and Certain Expenses for the nine months ended September 30, 2010 (unaudited) and for the year ended December 31, 2009.

Notes to Statements of Revenues and Certain Expenses.

(b) Pro forma financial information:

BioMed Realty Trust, Inc.:

Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2010.

Unaudited Pro Forma Consolidated Statement of Income of BioMed Realty Trust, Inc. for the nine months ended September 30, 2010.

Unaudited Pro Forma Consolidated Statement of Income of BioMed Realty Trust, Inc. for the year ended December 31, 2009.

Notes to Pro Forma Consolidated Balance Sheet and Statements of Income.

BioMed Realty, L.P.:

Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2010.

Unaudited Pro Forma Consolidated Statement of Income of BioMed Realty, L.P. for the nine months ended September 30, 2010.

Unaudited Pro Forma Consolidated Statement of Income of BioMed Realty, L.P. for the year ended December 31, 2009.

Notes to Pro Forma Consolidated Balance Sheet and Statements of Income.

EX-23.1

(d) Exhibits:

Exhibit Number

Description of Exhibit

23.1

Consent of KPMG LLP, independent registered public accounting firm.

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Independent Auditor's Report

The Board of Directors
BioMed Realty Trust, Inc.:

We have audited the accompanying combined statement of revenue and certain expenses of the Chamberlin Portfolio (the Portfolio) for the year ended December 31, 2009. This combined statement is the responsibility of the management of BioMed Realty Trust, Inc. Our responsibility is to express an opinion on this combined statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the U.S. Securities and Exchange Commission, as described in note 1. The presentation is not intended to be a complete presentation of the Portfolio's combined revenues and expenses. In our opinion, the combined statement of revenue and certain expenses referred to above presents fairly, in all material respects, the combined revenue and certain expenses described in note 1 of the Chamberlin Portfolio for the year ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Diego, California

September 21, 2010

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CHAMBERLIN PORTFOLIO
COMBINED STATEMENTS OF REVENUE AND CERTAIN EXPENSES
(In thousands)

	Nine Months Ended September 30, 2010 (Unaudited)	Year Ended December 31, 2009
Revenue:		
Rental	\$ 18,147	\$ 18,484
Tenant recoveries	2,394	2,609
Other	8	20
Total revenue	20,549	21,113
Certain expenses:		
Rental operations	1,459	1,627
Real estate taxes	930	982
Total certain expenses	2,389	2,609
Income from operations	18,160	18,504
(Loss)/gain on derivative instrument (Note 5)	(3,529)	129
Revenue in excess of certain expenses	\$ 14,631	\$ 18,633

See accompanying notes to statements of revenue and certain expenses.

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**CHAMBERLIN PORTFOLIO
NOTES TO COMBINED STATEMENTS OF REVENUE AND CERTAIN
EXPENSES**

**Nine Months Ended September 30, 2010 (unaudited) and Year Ended
December 31, 2009**

(Tabular amounts in thousands)

(1) Basis of Presentation

The accompanying combined statements of revenue and certain expenses of the Chamberlin Portfolio are comprised of eight properties at the Science Center at Oyster Point and Gateway Business Park in South San Francisco, California (the Portfolio). The Portfolio represents approximately 489,000 total rentable square feet of office and laboratory space. The eight properties are 100% leased to 3 tenants.

The Portfolio is owned by Chamberlin Associates (Chamberlin) and certain of its affiliates. A wholly owned subsidiary of BioMed Realty Trust, Inc. plans to acquire the portfolio for approximately \$298 million plus closing costs. The purchase price includes a cash payment of \$290.3 million and the expected assumption of an estimated \$7.9 million interest rate swap liability (see Note 5). The purchase is expected to be consummated during the fourth quarter of 2010. The accompanying combined statements of revenue and certain expenses include the accounts of the Portfolio except as listed below, and all significant intercompany amounts have been eliminated.

The accompanying combined statements of revenue and certain expenses have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X of the U.S. Securities and Exchange Commission for the acquisition of one or more real estate properties which in aggregate are significant. The Portfolio is considered a group of related properties as the individual properties are under common control and management by the Seller and the acquisition of a single property in the Portfolio was conditional on the acquisition of the other properties. Therefore, a single combined statements of revenue and certain expenses is presented. The combined statement of revenue and certain expenses excludes the following expenses and, as a result, may not be reflective of the proposed future operations of the Portfolio:

Depreciation and amortization

Income taxes

Interest expense

Payroll and other costs not directly related to the proposed future operations of the Portfolio

Management is not aware of any material factors relating to the Portfolio other than those already described above that would cause the reported financial information not to be necessarily indicative of future operating results.

(2) Summary of Significant Accounting Policies and Practices

(a) Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the respective leases. The straight-line rent adjustment for minimum rents decreased base contractual rental revenue by \$2.0 million and \$2.5 million, respectively, for the nine months ended September 30, 2010 and for the year ended December 31, 2009. Tenant reimbursements for real estate taxes, management fees (see Note 4) and common area maintenance costs are recognized in the period the expenses are incurred and billed to tenants pursuant to the corresponding lease agreements.

(b) Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting periods to prepare the combined statements of revenue and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(c) Unaudited Interim Combined Statements

The combined statements of revenue and certain expenses and associated footnote disclosures for the nine months ended September 30, 2010 are unaudited. In the opinion of management, the statement and disclosures reflect all

adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of a normal recurring nature.

(3) Minimum Future Lease Rentals

Minimum rents to be received under non-cancelable lease agreements as of December 31, 2009, with terms ranging from one year to 14 years are as follows:

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Year	
2010	\$ 26,628
2011	27,136
2012	27,038
2013	16,303
2014	15,764
Thereafter	126,485
	\$ 239,354

(4) Management fees

Rental operations expense includes fees charged for property management services provided by Chamberlin to the properties in the amount of \$648,000 and \$656,000, respectively, for the nine months ended September 30, 2010 and for the year ended December 31, 2009.

(5) Derivative instrument

An interest rate swap liability with a fair-value of approximately \$7.9 million as of September 30, 2010 is expected to be assumed in conjunction with the acquisition of the portfolio. The related debt, previously hedged by this interest rate swap will not be assumed. Accordingly, the combined statements of revenue and certain expenses include a (loss)/gain on derivative instrument related to changes in the fair-value of the interest rate swap for the periods presented.

(6) Concentration of Credit Risk

For the year ended December 31, 2009, one tenant, Elan Pharmaceuticals, Inc. accounted for approximately 91.4% of rental revenues.

(7a) Subsequent Events

The Company has evaluated subsequent events related to the Portfolio for recognition or disclosure through September 21, 2010, which is the date the combined statements of revenue and certain expenses was available to be issued, and determined that there are no other items to disclose.

(7b) Subsequent Events (unaudited)

The Company completed the acquisition of the Portfolio on October 26, 2010, which was funded by borrowings on the Company's unsecured line of credit. The interest rate swap was not assumed in connection with the close of the acquisition. For purposes of the unaudited interim nine month period ended September 30, 2010, the Company has evaluated subsequent events related to the Portfolio for recognition or disclosure through November 15, 2010, which is the date the combined statement of revenue and certain expenses was available to be issued, and determined that there were no other items to disclose.

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**BIOMED REALTY TRUST, INC.
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

The unaudited pro forma consolidated financial statements of BioMed Realty Trust, Inc., a Maryland corporation (the Company), as of September 30, 2010, and for the nine months ended September 30, 2010 and the year ended December 31, 2009, are presented as if the completed acquisition of the following properties had occurred on September 30, 2010 for the pro forma consolidated balance sheet, and on January 1, 2009 for the unaudited pro forma consolidated statements of income:

The acquisition of 55 and 65 West Watkins for approximately \$14.4 million, which occurred on February 23, 2010;

The acquisition of Gazelle Court for approximately \$11.6 million, which occurred on March 30, 2010;

The acquisition of Medical Center Drive for approximately \$53.0 million, which occurred on May 3, 2010;

The acquisition of 50 West Watkins for approximately \$14.2 million, which occurred on May 7, 2010;

The acquisition of 4775 and 4785 Executive Drive for approximately \$27.3 million, which occurred on July 15, 2010;

The acquisition of 3500 Paramount Parkway for approximately \$17.5 million, which occurred on July 20, 2010;

The acquisition of 11838 Sorrento Valley Road for approximately \$12.4 million, which occurred on September 10, 2010;

The acquisition of 4570 Executive Drive for approximately \$63.5 million, which occurred on September 17, 2010;

The acquisition of 10240 Science Center Drive for approximately \$17.8 million, which occurred on September 23, 2010;

The acquisition of a nine-building business park located between Roselle Street and Flintkote Avenue in Sorrento Valley for approximately \$29.4 million, including the assumption of a mortgage note of approximately \$13.3 million, which occurred on October 15, 2010;

The acquisition of 11404 and 11408 Sorrento Valley Road for approximately \$9.9 million, which occurred on October 18, 2010; and

The acquisition of the Chamberlin Portfolio for approximately \$298.0 million, which occurred on October 26, 2010.

The unaudited pro forma consolidated financial statements should be read in conjunction with the consolidated historical financial statements of the Company and the notes thereto, included in the Company's Form 10-K for the year ended December 31, 2009, and its Form 10-Q for the quarterly period ended September 30, 2010 filed with the Securities and Exchange Commission.

The pro forma consolidated financial statements do not purport to represent the Company's financial position or the results of operations that would actually have occurred assuming the completion of the actual acquisitions, nor do they purport to project the Company's financial position or results of operations as of any future date or any future period. In addition, the pro forma consolidated financial statements include pro forma allocations of the purchase price of the

completed acquisition of the above properties in some cases based upon preliminary estimates of the fair-value of the assets and liabilities acquired in connection with the acquisition. These allocations may be adjusted in the future upon completion of the acquisition and finalization of these preliminary estimates.

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BIOMED REALTY TRUST, INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 2010
(Unaudited)
(In thousands)

	September 30, 2010	Chamberlin Portfolio Acquisition (A)	Other Subsequent Acquisitions (B)	Pro Forma BioMed Realty Trust, Inc.
ASSETS				
Investment in real estate, net	\$ 3,207,957	\$ 240,254	\$ 36,059	\$ 3,484,270
Investment in unconsolidated partnerships	58,565			58,565
Cash and cash equivalents	20,687			20,687
Restricted cash	12,384			12,384
Accounts receivable, net	7,333			7,333
Accrued straight-line rents, net	102,567			102,567
Acquired above-market leases, net	3,796	28,783	842	33,421
Deferred leasing costs, net	88,828	29,016	3,383	121,227
Deferred loan costs, net	12,394			12,394
Other assets	58,042	(5,001)	(1,265)	51,776
Total assets	\$ 3,572,553	\$ 293,052	\$ 39,019	\$ 3,904,624
LIABILITIES AND EQUITY				
Liabilities:				
Mortgage notes payable, net	\$ 662,522	\$	\$ 13,771	\$ 676,293
Exchangeable senior notes due 2026, net	19,432			19,432
Exchangeable senior notes due 2030	180,000			180,000
Unsecured senior notes due 2020, net	247,523			247,523
Unsecured line of credit	14,050	292,999	24,666	331,715
Security deposits	10,883			10,883
Dividends and distributions payable	26,992			26,992
Accounts payable, accrued expenses, and other liabilities	75,319			75,319
Derivative instruments	5,453			5,453
Acquired lease obligations, net	8,031	53	582	8,666
Total liabilities	1,250,205	293,052	39,019	1,582,276
Equity:				
Stockholders' equity:				
Preferred stock	222,413			222,413
Common stock	1,308			1,308
Additional paid-in capital	2,369,952			2,369,952

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Accumulated other comprehensive loss	(73,840)	(73,840)
Dividends in excess of earnings	(207,419)	(207,419)
Total stockholders equity	2,312,414	2,312,414
Noncontrolling interests	9,934	9,934
Total equity	2,322,348	2,322,348
Total liabilities and stockholders equity	\$ 3,572,553	\$ 293,052
		\$ 39,019
		\$ 3,904,624

See accompanying notes to pro forma consolidated balance sheet and statements of income.

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BIOMED REALTY TRUST, INC.
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For the Nine Months Ended September 30, 2010
(Unaudited)
(In thousands, except per share data)

	September 30, 2010	First, Second and Third Quarter 2010 Acquisitions (AA)	Chamberlin Portfolio Acquisition (BB)	Other Subsequent Acquisitions (CC)	Other Financing Transactions (DD)	Pro Forma BioMed Realty Trust, Inc.
Revenues:						
Rental	\$ 215,950	\$ 7,575	\$ 16,283	\$ 2,320	\$	\$ 242,128
Tenant recoveries	63,823	2,090	3,725	688		70,326
Other income	1,628		8			1,636
Total revenues	281,401	9,665	20,016	3,008		314,090
Expenses:						
Rental operations	54,926	1,344	1,459	659		58,388
Real estate taxes	26,832	1,235	2,261	325		30,653
Depreciation and amortization	83,159	4,837	10,630	2,020		100,646
General and administrative	19,523					19,523
Acquisition related expenses	2,388					2,388
Total expenses	186,828	7,416	14,350	3,004		211,598
Income from operations	94,573	2,249	5,666	4		102,492
Equity in net loss of unconsolidated partnerships	(686)					(686)
Interest income	126					126
Interest expense	(64,719)			(104)	(3,335)	(68,158)
Loss on derivative instruments	(634)					(634)
Loss on extinguishment of debt	(2,286)					(2,286)
Net income	26,374	2,249	5,666	(100)	(3,335)	30,854
Net income attributable to noncontrolling interests	(321)					(321)

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Net income attributable to Company	26,053	2,249	5,666	(100)	(3,335)	30,533
Preferred stock dividends	(12,722)					(12,722)
Net income available to common stockholders	\$ 13,331	\$ 2,249	\$ 5,666	\$ (100)	\$ (3,335)	\$ 17,811
Net income per share available to common stockholders:						
Basic and diluted earnings per share	\$ 0.12					\$ 0.16
Weighted-average common shares outstanding:						
Basic	107,003,096					107,003,096
Diluted	110,028,740					110,028,740

See accompanying notes to pro forma consolidated balance sheet and statements of income.

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BIOMED REALTY TRUST, INC.
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For the Year Ended December 31, 2009
(Unaudited)
(In thousands, except per share data)

	December 31, 2009	First, Second and Third Quarter 2010 Acquisitions (AA)	Chamberlin Portfolio Acquisition (BB)	Other Subsequent Acquisitions (CC)	Other Financing Transaction (DD)	Pro Forma BioMed Realty Trust, Inc.
Revenues:						
Rental	\$ 269,901	\$ 14,349	\$ 16,405	\$ 2,932	\$	\$ 303,587
Tenant recoveries	77,406	4,102	4,643	918		87,069
Other income	13,859		20			13,879
Total revenues	361,166	18,451	21,068	3,850		404,535
Expenses:						
Rental operations	73,213	2,264	1,627	878		77,982
Real estate taxes	31,611	2,391	3,016	433		37,451
Depreciation and amortization	109,620	8,697	12,331	2,693		133,341
General and administrative	22,455					22,455
Acquisition related expenses	&					