GOVERNMENT PROPERTIES TRUST INC
Form 10-Q
November 03, 2005

Table of Contents

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005
COMMISSION FILE NUMBER 001-31962

GOVERNMENT PROPERTIES TRUST, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND (State or other jurisdiction of incorporation or organization)	20-0611663 (I.R.S. Employer Identification No.)
13625 CALIFORNIA STREET, SUITE 310 OMAHA, NEBRASKA 68154 (Address of principal executive offices, including zip code)	(402) 391-0010 (Registrant s telephone number, including area code)

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 þ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

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

o Yes o No

As of October 31, 2005, approximately 20.7 million shares of common stock of the registrant were outstanding.

TABLE OF CONTENTS

2

Table of Contents

GOVERNMENT PROPERTIES TRUST, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2005 (UNAUDITED)	December 31, 2004
ASSETS		
Real estate at cost		
Land	$ 32,873,237	$ 13,713,237
Buildings and improvements	259,575,597	117,069,518
Tenant origination costs	53,527,970	26,628,718
Real estate under development	12,225,197	1,180,523
Furniture and equipment	422,956	185,818
	358,624,957	158,777,814
Accumulated depreciation	(10,018,185)	(3,407,147)
	348,606,772	155,370,667
Cash and cash equivalents	6,813,679	93,814,813
Restricted cash escrows	20,429,447	2,103,338
Tenant receivables	5,633,123	1,501,850
Notes receivable from tenant	618,702	665,216
Deferred costs, net	2,283,290	937,156
Real estate deposits	300,000	685,993
Other assets	1,681,207	1,241,554
Total assets	$ 386,366,220	$ 256,320,587
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Accounts payable and accrued expenses	$ 9,679,018	$ 3,226,655
Dividends payable	3,108,242	3,104,340
Mortgage notes payable	211,192,223	77,584,897
Total liabilities	223,979,483	83,915,892
Stockholders equity		
Common stock ($0.01 par value; 50,000,000 shares authorized, 20,721,612 and 20,695,567 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively)	205,820	205,223
Additional paid-in capital	188,941,858	188,259,230
Accumulated deficit	(26,955,345)	(16,059,758)
Accumulated other comprehensive income	194,404	
Total stockholders equity	162,386,737	172,404,695
Total liabilities and stockholders equity	$ 386,366,220	$ 256,320,587

See accompanying notes.

Table of Contents

GOVERNMENT PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	(UNAUDITED) THREE MONTHS ENDED SEPTEMBER 30,		(UNAUDITED) NINE MONTHS ENDED SEPTEMBER 30,	
	2005	2004	2005	2004
Revenue				
Rental income	$ 7,821,816	$ 2,338,335	$ 18,286,917	$ 5,060,076
Tenant reimbursements and other	442,275	41,656	754,048	205,851
Total revenue	8,264,091	2,379,991	19,040,965	5,265,927
Expenses				
Property operations	1,343,177	543,020	3,321,627	1,126,570
Real estate taxes	896,790	257,403	1,921,859	578,428
Depreciation and amortization	2,946,201	673,396	6,611,038	1,436,990
General and administrative	1,303,690	1,037,025	3,644,599	3,026,211
Total expenses	6,489,858	2,510,844	15,499,123	6,168,199
Operating income (loss)	1,774,233	(130,853)	3,541,842	(902,272)
Other income (expense)				
Interest income	249,303	607,884	1,348,237	1,238,417
Interest expense	(2,755,315)	(660,373)	(6,225,992)	(1,426,521)
Expense from issuance and exercise of warrant				(2,097,900)
Amortization of deferred financing fees	(66,809)	(91,571)	(234,922)	(170,085)
Loss from continuing operations	(798,588)	(274,913)	(1,570,835)	(3,358,361)
Discontinued operations:				
Income from operations of disposed property		42,156		88,524
Net loss	$ (798,588)	$ (232,757)	$ (1,570,835)	$ (3,269,837)
Earnings per share (basic and diluted):				
Loss from continuing operations	$ (0.04)	$ (0.01)	$ (0.08)	$ (0.18)
Income from discontinued operations				
Net loss	$ (0.04)	$ (0.01)	$ (0.08)	$ (0.18)
Distributions declared per share	$ 0.15	$ 0.15	$ 0.45	$ 0.45
Weighted average shares outstanding (basic and diluted)	20,578,402	20,514,716	20,564,662	18,585,837
Net loss	$ (798,588)	$ (232,757)	$ (1,570,835)	$ (3,269,837)

Other Comprehensive Income				
Unrealized derivative gain on forward-starting interest rate swaps	1,562,669		194,404	
Comprehensive income (loss)	$ 764,081	$ (232,757)	$ (1,376,431)	$ (3,269,837)

See accompanying notes.

4

GOVERNMENT PROPERTIES TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(UNAUDITED) NINE MONTHS ENDED SEPTEMBER 30, 2005	2004
Operating activities		
Net loss	$ (1,570,835)	$ (3,269,837)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,611,038	1,436,990
Amortization of deferred financing fees	234,922	170,085
Amortization of premium on mortgage notes payable	25,264	
Compensation expense	543,222	508,997
Expense from issuance and exercise of warrant		2,097,900
Changes in assets and liabilities:		
Tenant receivables	(4,131,273)	(420,068)
Other assets	(245,249)	(913,091)
Accounts payable and accrued expenses	3,824,576	909,425
Net cash provided by operating activities	5,291,665	520,401
Investing activities		
Expenditures for real estate	(170,643,851)	(68,955,751)
Deposits on future real estate purchases	(300,000)	(1,550,000)
Development of real estate assets	(8,276,884)	
Restricted cash escrows	(18,326,109)	(423,685)
Note receivable from tenant	46,514	(568,349)
Expenditures for furniture and equipment	(237,138)	
Restricted cash for letter of credit		(17,426,515)
Net cash used in investing activities	(197,737,468)	(88,924,300)
Financing activities		
Financing fees	(1,581,056)	(785,300)
Net repayment under lines of credit		(3,047,655)
Proceeds from mortgage notes payable	117,582,219	29,000,000
Payments on mortgage notes payable affiliate		(1,639,219)
Repayments of advances from affiliate		(102,873)
Principal payments on mortgage notes payable	(1,235,644)	(455,031)
Proceeds from sale of common stock		193,202,100
Offering costs paid		(16,242,443)
Dividends paid	(9,320,850)	(6,351,685)
Net cash provided by financing activities	105,444,669	193,577,894
Net (decrease) increase in cash and cash equivalents	(87,001,134)	105,173,995
Cash and cash equivalents, beginning of period	93,814,813	760,859

Cash and cash equivalents, end of period	$	6,813,679	$	105,934,854
Non-Cash Financing Activity				
Assumption of mortgage note payable included in real estate, net	$	15,753,309	$	
Non-Cash Operating Activity				
Accounts payable and accrued expenses included in real estate, net	$	2,767,790	$	

See accompanying notes.

GOVERNMENT PROPERTIES TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of Government Properties Trust, Inc., a Maryland corporation (the Company), have been prepared pursuant to Securities and Exchange Commission (SEC) rules and regulations and should be read in conjunction with the condensed consolidated financial statements and notes thereto included in the 2004 Form 10-K. The accompanying condensed consolidated financial statements highlight significant changes to the Notes included in the 2004 Form 10-K and present interim disclosures as required by the SEC. The accompanying condensed consolidated financial statements reflect, in the opinion of management, all adjustments considered necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature.

The preparation of the condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting periods. Our results for the three months and nine months ended September 30, 2005 are not necessarily indicative of our results for any future interim period or for the full fiscal year.

2. **Nature of Business and Operations**

The Company was incorporated in Michigan in 1998. In January 2004, the Company completed a public offering of its common stock and listed its common stock on the New York Stock Exchange. In connection with this offering, the Company reincorporated in Maryland and changed its name to Government Properties Trust, Inc. The historical operations included in the consolidated financial statements are those of its predecessor company (Gen-Net Lease Income Trust, Inc.). References to the Company for periods prior to 2004 refer to Gen-Net Lease Income Trust, Inc. and to Government Properties Trust, Inc. for subsequent periods. The Company has elected to be taxed as a real estate investment trust (REIT) under the Internal Revenue Code of 1986, as amended, beginning in 2003.

The Company began formal operations with its first property acquisition in December 2002 and, as of September 30, 2005, the Company owned eighteen properties located throughout the United States. The Company acquires properties through various operating entities, which are wholly owned by the Company. The Company operates in one segment.

Between October 2002 and August 2003, the Company sold 955,552 shares of its common stock at $10 per share. In January 2004, the Company sold 19.3 million shares of its common stock (the Offering) at $10 per share and listed its common stock on the New York Stock Exchange. The Offering raised approximately $177 million in net proceeds.

3. **Common Stock and Earnings Per Share**

The Company reports earnings per share pursuant to Statement of Financial Accounting Standards No. 128, Earnings Per Share . Basic and diluted loss per share attributable for all periods presented is computed by dividing the loss to common stockholders by the weighted average number of common shares and potential common stock outstanding during the period. The Company had nonvested stock grants of 143,239 and 176,613 shares outstanding during the three months ended September 30, 2005 and 2004, respectively and 157,035 and 136,778 for the nine months ended September 30, 2005 and 2004, respectively, which were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive.

4. **Deferred Costs**

Deferred costs consist of the following:

	September 30, 2005	December 31, 2004
Financing costs	$ 2,799,037	$ 1,217,981
Accumulated amortization	(515,747)	(280,825)

	$ 2,283,290	$ 937,156

6

5. **Equity Incentive Plan**

The Company has a 2003 Equity Incentive Compensation Plan (the Plan), which reserved 1,000,000 shares of Common Stock for issuance thereunder. In connection with the original issuance of shares during the first quarter of 2004, the Company adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock Based Compensation and SFAS No. 148, Accounting for Stock Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123 .

The Company recognizes compensation expense for restricted shares issued based upon the fair market value of the common stock at the grant date. Compensation expense is primarily recognized on a straight-line basis over the vesting period. From the original issuance of shares in the first quarter of 2004 through September 30, 2005, the Company granted 216,243 restricted shares pursuant to the Plan. The fair value of the shares at the time of the grants ranged from $9.70 to $13.90 per share. Of the shares issued, 76,478 shares have vested and 184 shares were cancelled. The remaining 139,581 restricted shares were outstanding at September 30, 2005 and vest over periods of two to five years. Compensation expense recognized and included in general and administrative expense in the accompanying consolidated statement of operations was $181,074 and $248,274 for the three months ended September 30, 2005 and 2004, respectively and $543,222 and $508,997 for the nine months ended September 30, 2005 and 2004, respectively. As of September 30, 2005, there are 783,941 shares available for grant under the Plan.

6. **Mortgage Notes Payable and Line-of-Credit**

Mortgage notes payable and line-of-credit consisted of the following:

	SEPTEMBER 30, 2005	**DECEMBER 31, 2004**
MORTGAGE NOTES PAYABLE (A), (B), (C)		
Mortgage notes payable to various financial institutions, collateralized by various properties, interest at fixed rates ranging from 5.09% to 8.23% per annum, with principal and interest payable monthly through 2026. The weighted average interest rate at September 30, 2005 and December 31, 2004 was 5.81% and 5.87%, respectively	$ 209,735,310	$ 77,584,897
LINE-OF-CREDIT		
Revolving line-of-credit with a financial institution (maximum borrowing $50,000,000 and available through December 27, 2005), interest at the financial institution s prime rate. There were no advances made on the line-of-credit. Interest, if any, is due monthly. Advances up to $25,000,000 are unsecured. Any advances in excess of $25,000,000 are secured by a mortgage on the acquired property and are due upon the earlier of permanent financing or termination of the line-of-credit	$	$

(A) The mortgages notes payable are subject to various operating covenants. In addition, the

Company must periodically fund and maintain escrow accounts for future real estate taxes, repairs and maintenance and insurance payments, as well as to fund certain tenant releasing costs. These are included in restricted cash escrows.

(B) A portion of the Company s real estate assets have been pledged as collateral for its mortgage notes payable. The amount of gross assets that have been encumbered is $276,066,254 and $105,174,043 at September 30, 2005 and December 31, 2004.

(C) Amounts exclude a premium of $1,456,913 and $0 at September 30, 2005 and December 31, 2004, respectively, related to the above market interest rate on a mortgage assumed.

Total interest paid on the mortgage notes payable and lines-of-credit was $2,827,325 and $528,409 for the three months ended September 30, 2005 and 2004, respectively. For the nine months ended September 30, 2005 and 2004, total interest paid on the mortgage notes payable and lines-of-credit was $6,077,072 and $660,373, respectively.

7. **Derivative Instruments and Hedging Activities**

Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), as amended and interpreted, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As required by SFAS 133, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (outside of earnings) and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. The Company assesses the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. For derivatives not designated as hedges, changes in fair value are recognized in earnings.

The Company s objective in using derivatives is to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks. To accomplish this objective, the Company primarily uses interest rate swaps as part of its cash flow hedging strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. In the second quarter of 2005, the Company entered into two forward-starting interest rate swap contracts with an aggregate notional amount of $50 million to fix a portion of the interest rate associated with the anticipated issuance of future financings that are expected to occur in 2006. Accordingly, the maximum period of time over which the Company is currently hedging its exposure to variability in future cash flows for forecasted transactions is approximately thirteen months.

As of September 30, 2005, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Company does not use derivatives for trading or speculative purposes. At September 30, 2005, derivatives with a fair value of $194,404 were included in other assets. The amounts reported in accumulated other comprehensive loss relate to the derivatives described above. Upon the expected settlement of the derivatives in 2006, the amount paid or received will be amortized to interest expense over the term of the Company s hedged debt.

8. **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to a concentration of credit risk are primarily cash investments and accounts receivable from tenants. In order to limit credit risk, the Company places its cash and investments in investment-grade short-term instruments with high quality financial institutions. The cash and investment account balances at each financial institution typically exceed Federal Deposit Insurance Corporation (FDIC) insurance coverage.

9. **Related Party Transactions**

Genesis, the sponsor of the initial public offering by the predecessor company Gen-Net Lease Income Trust, Inc., provided the Company with property acquisition services through January 2005 for a fee of up to 1% of the property purchase price plus up to 2% of the acquisition fee for acquisition related expenses. The Company has not incurred any acquisition fees with Genesis in 2005. The Company incurred and paid acquisition fees of $1,092,320 for the year ended December 31, 2004 which is included in real estate, at cost in the Consolidated Balance Sheets.

Prior to the January 2004 public offering of common stock, Genesis also provided administration services for a fee of 3% of gross rental revenue and property management services also for a fee of 3% of gross rental revenue. The total amount incurred and paid for the three and nine months ended September 30, 2004 was $0 and $10,888 in property management fees and $0 and $10,237 in administrative fees, respectively. These amounts are included in property operations and general and administrative expenses in the Consolidated Statements of Operations, respectively.

Advances from Genesis totaling $102,873 were outstanding at December 31, 2003 and were repaid in 2004 with funds received in connection with the Offering. In addition, Genesis owes the Company $310,000 (included in other assets) at September 30, 2005 and December 31, 2004 for previous offering costs pursuant to a conditional agreement between Genesis and the Company. The amount owed is non-interest bearing and is secured by an irrevocable letter of credit which expires on June 30, 2006.

Table of Contents

10. **Property Acquisitions**

The Company acquired the following properties during the nine months ended September 30, 2005 and during the year ended December 31, 2004. The results of their operations are included in the Company s consolidated statements of operations from their respective dates of acquisition.

Property	Location	Acquisition Cost	Month Acquired
2004 acquisitions(A):			
Bureau of Public Debt (Mineral Wells BPD Property)(B)	Mineral Wells, WV	$ 5,109,486	March
Federal Bureau of Investigation (Pittsburgh FBI Property)	Pittsburgh, PA	28,682,675	May
USDA District Offices (Lenexa FDA Property)	Lenexa, KS	10,525,293	June
Veterans Administration Outpatient Clinic (Baton Rouge VA Property)	Baton Rouge, LA	5,931,242	September
Federal Courthouse (Charleston Fed Court Property)	Charleston, SC	19,277,829	September
Food & Drug Administration (College Park FDA Property)(C)	College Park, MD	22,895,421	October
Immigration Services (Pittsburgh USCIS Property)	Pittsburgh, PA	10,582,553	October
Bureau of Public Debt (Parkersburg BPD Property)(D)	Parkersburg, WV	20,227,362	November
		$ 123,231,861	
2005 acquisitions(A):			
1201 Lloyd Boulevard (Portland Property)(E)	Portland, OR	$ 50,015,337	March
Niagara Center (Buffalo Niagara Center Property)	Buffalo, NY	71,672,611	May
Social Security Administration (Buffalo SSA Property)	Buffalo, NY	5,434,681	May
Drug Enforcement Administration (Sterling DEA Property)(F)	Sterling, VA	21,219,744	June
Internal Revenue Service (Martinsburg IRS Property)(G)	Martinsburg, WV	30,642,912	July
Social Security Administration (Dallas SSA Property)	Dallas, TX	9,580,046	September
		$ 188,565,331	

(A) In accordance with SFAS 141, the Company allocated the purchase price for these properties to net tangible and identified intangible assets acquired based on their fair values (including land, buildings, tenant improvements, acquired above and below market leases and the origination cost of acquired in-place leases) and acquired liabilities, and allocated the purchase price based on these assessments, including land at appraised value and buildings at replacement costs. The Company assessed fair value based on estimated cash flow projections that utilize discount and capitalization rates deemed appropriate by management and available market information. Such estimates are subject to refinement as additional valuation information is received. The value of tenant origination costs are amortized over the remaining term of the respective leases.

(B) Included in the acquisition cost amount is a note receivable from tenant in the amount of $694,293 which the Company assumed with the purchase of this property. The interest on the note receivable is fixed at 8% per annum with principal and interest payable monthly through 2012.

(C) In connection with the purchase of this property, the Company assumed a first mortgage note in the amount of $16,650,000. Acquisition cost includes $1,200,000 which was paid to the seller in April 2005.

(D) The federal government has exercised a consolidation option whereby the Company will expand the

Parkersburg Property by an additional 102,000 rentable square feet. The cost of the expansion to the Property will total approximately $22.5 million and will be paid over the term of the expansion scheduled for completion in 2006. At September 30, 2005 the Company held $11.1 million of restricted cash escrows to fund, in part, the cost of the expansion. Costs capitalized as of September 30, 2005 and December 31, 2004 totaled $11,611,937 and $1,180,523, respectively and is included in real estate under development in the accompanying Balance Sheets.

(E) Excluded from the acquisition cost amount is $1.1 million of restricted cash escrows paid by the Company and held in escrow pending the final determination of the base rent amount for certain tenants held under signed tenant leases. The final determination of the base rent amount and the receipt of cash held in escrow, if any, are expected to be completed prior to the end of 2005.

(F) In connection with the purchase of this property, the Company assumed a first mortgage note in the amount of $15,753,309. Also included in the acquisition cost is an amount of $1,482,178 related to the premium recognized on the above market interest rate on the assumed mortgage.

(G) Under terms of the existing lease, the federal government has an option to purchase the Martinsburg IRS Property for approximately $24.8 million.

11. **Issuance and Exercise of Warrant**

In connection with providing a line of credit to the Company in 2003, an affiliate of one of the Company s underwriters in the Offering was issued a warrant to purchase up to 210,000 shares of common stock. The underwriter s affiliate exercised the warrant and the Company recognized an expense of approximately $2.1 million in the first quarter of 2004.

12. **Discontinued Operations**

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company reflects the historical operating results of properties sold or held for sale, as well as the gain or loss on sale from these properties, as discontinued operations in the consolidated statements of operations for all periods presented prior to their sale. In October 2004, the Company sold the Harahan property for a gain of $313,857, upon receiving sales proceeds of $1,457,223 net of the assumption of the related mortgage note payable of $3,112,770. The results of discontinued operations related to the Harahan property were comprised of the following for the three and nine months ended September 30, 2004:

	Three Months Ended September 30, 2004	**Nine months ended September 30, 2004**
Rental income	$ 90,860	$ 272,580
Property operations	3,235	12,853
Depreciation and amortization		29,358
Total expense	3,235	42,211
Operating income	87,625	230,369
Amortization of deferred financing fees		(422)
Interest expense	(45,469)	(141,423)
Income from property held for sale	$ 42,156	$ 88,524

13. **Unaudited Pro Forma Condensed Consolidated Financial Information**

The accompanying unaudited Pro Forma Condensed Consolidated Financial Information is presented as if, at January 1, 2004, the Company acquired the properties described in Note 10 Property Acquisitions and the shares outstanding at September 30, 2005 were also outstanding at January 1, 2004. The properties listed as follows began operations during 2004 or 2005 and therefore their historical results of operations are included in the Pro Forma

Condensed Consolidated Financial Information from the date indicated. In management s opinion, all adjustments necessary to reflect the effects of the above transactions have been made.

	Date Property Began Operation
Pittsburgh USCIS Property	March 2004
Baton Rouge VA Property	June 2004
College Park FDA Property	September 2004
Parkersburg BPD Property	September 2004
Buffalo Niagara Center Property	December 2004
Buffalo SSA Property	June 2005
Dallas SSA Property	August 2005

Table of Contents

The unaudited Pro Forma Condensed Consolidated Financial Information is not necessarily indicative of what the actual results of operations would have been assuming the above mentioned transactions had occurred at the dates indicated above, nor does it purport to represent our future results of operations.

Pro Forma Condensed Consolidated Financial Information

(Unaudited)