

BioMed Realty Trust Inc
Form 8-K
August 21, 2006

**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): August 16, 2006

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.)

**17140 Bernardo Center Drive, Suite 222
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))
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Item 8.01 Other Events.

On August 16, 2006, BioMed Realty Trust, Inc. (the Company) entered into an underwriting agreement with Raymond James & Associates, Inc., as the representative of the underwriters (the Underwriters), pursuant to which the Company agreed to issue and sell 6,950,000 shares of the Company's common stock, par value \$0.01 per share (Common Stock), plus up to an additional 1,042,500 shares of Common Stock pursuant to the Underwriters over-allotment option, at a price to the public of \$28.75 per share. The Underwriters exercised their over-allotment option in full on August 18, 2006. The offering closed on August 21, 2006. Gross proceeds from the offering of an aggregate of 7,992,500 shares were approximately \$229.8 million. After the closing of this offering, the number of shares of Common Stock outstanding is 65,221,232 shares.

The Company expects to use the net proceeds of this offering to repay a portion of the outstanding indebtedness under its existing \$500.0 million revolving credit facility and for other general corporate and working capital purposes.

Item 9.01 Financial Statements and Exhibits.

(d) The following exhibits are filed herewith:

Exhibit

Number

Description of Exhibit

1.1	Underwriting Agreement, dated as of August 16, 2006, between the Company, BioMed Realty, L.P. and Raymond James & Associates, Inc. as representative of the Underwriters
5.1	Opinion of Venable LLP
8.1	Opinion of Latham & Watkins LLP
23.1	Consent of Venable LLP (contained in the opinion filed as Exhibit 5.1 hereto)
23.2	Consent of Latham & Watkins LLP (contained in the opinion filed as Exhibit 8.1 hereto)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 21, 2006

BIOMED REALTY TRUST, INC.

By: /s/ KENT GRIFFIN

Name: Kent Griffin

Title: Chief Financial Officer

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%

36.2

%

33.9

%

41.8

%

48.2

%

Percentage of always current borrowers (12M) (10)

70.3

%

71.3

%

75.1

%

61.1

%

58.3

%

65.4

%

69.6

%

Weighted average credit enhancement (7)(11)

0.6
%

1.6
%

5.8
%

0.7
%

1.0
%

6.9
%

2.7
%

(1) FICO score is used by major credit bureaus to indicate a borrower's creditworthiness at time of loan origination.

(2) Information presented based on the initial year of securitization of the underlying collateral. Certain of our Non-Agency MBS have been resecuritized. The historical information presented in the table is based on the initial securitization date and data available at the time of original securitization (and not the date of resecuritized). No information has been updated with respect to any MBS that have been resecuritized.

(3) Purchase discounts designated as Credit Reserve and OTTI are not expected to be accreted into interest income.

(4) Weighted average is based on MBS current face at June 30, 2013.

(5) Information provided is based on loans for individual groups owned by us.

(6) Percentage of face amount for which the original mortgage note contractually calls for principal amortization in the current period.

(7) Information provided is based on loans for all groups that provide credit enhancement for MBS with credit enhancement.

(8) CRR represents voluntary prepayments and CDR represents involuntary prepayments.

(9) Percentage of face amount of loans for which the borrower has not been delinquent since origination.

(10) Percentage of face amount of loans for which the borrower has not been delinquent in the last twelve months.

(11) Credit enhancement for a particular security is expressed as a percentage of all outstanding mortgage loan collateral. A particular security will not be subject to principal loss as long as its credit enhancement is greater than zero. As of June 30, 2013, a total of 225 Non-Agency MBS in our portfolio representing approximately \$3.711 billion or 59% of the current face amount of the portfolio had no credit enhancement.

The mortgages securing our Non-Agency MBS are located in many geographic regions across the United States. The following table presents the six largest geographic concentrations of the mortgages collateralizing our Non-Agency MBS, including Non-Agency MBS underlying our Linked Transactions, at June 30, 2013:

Property Location	Percent	
Southern California	27.6	%
Northern California	17.2	%
Florida	8.1	%
New York	5.4	%
Virginia	3.8	%
New Jersey	3.2	%

Liquidity Risk

The primary liquidity risk for us arises from financing long-maturity assets, with shorter-term borrowings primarily in the form of repurchase agreements. We pledge MBS and cash to secure our repurchase agreements, including repurchase agreements that are reported as a component to our Linked Transactions, and Swaps. At June 30, 2013, we had a Cushion of \$961.1 million available to meet potential margin calls, comprised of cash and cash equivalents of \$448.3 million, unpledged Agency MBS of \$433.8 million and Agency MBS with a fair value of \$79.0 million pledged in excess of contractual requirements. In addition, at June 30, 2013, we had unpledged Non-Agency MBS with a fair value of \$133.2 million and Non-Agency MBS with a fair value of \$235.9 million pledged in excess of contractual requirements. Should the value of our MBS pledged as collateral suddenly decrease, margin calls relating to our repurchase agreements could increase, causing an adverse change in our liquidity position. As such, we cannot be assured that we will always be able to roll over our repurchase agreements. Further, should market liquidity tighten, our repurchase agreement counterparties may increase our margin requirements on new financings, including repurchase agreement borrowings that we roll with the same counterparty, reducing our ability to use leverage.

Credit Risk

Although we do not believe that we are exposed to credit risk in our Agency MBS portfolio, we are exposed to credit risk in our Non-Agency MBS portfolio. In the event of the return of less than 100% of par on our Non-Agency MBS, credit support contained in the MBS deal structures and the discount purchase prices we paid mitigate our risk of loss on these investments. Over time, we expect the level of credit support remaining in MBS deal structures to decrease, which will result in an increase in the amount of realized credit loss experienced by our Non-Agency MBS portfolio. Our Non-Agency investment process involves analysis focused primarily on quantifying and pricing credit risk. When we purchase Non-Agency MBS, we assign certain assumptions to each of the MBS, including but not limited to, future interest rates, voluntary prepayment rates, mortgage modifications, default rates and loss severities, and generally allocate a portion of the purchase discount as a Credit Reserve which provides credit protection for such securities. As part of our surveillance process, we review our Non-Agency MBS by tracking their actual performance compared to the security's expected performance at purchase or, if we have modified our original purchase assumptions, compared to our revised performance expectations. To the extent that actual performance of a Non-Agency MBS is less favorable than the expected performance of the security, we may revise our performance expectations. As a result, we could reduce the accretable discount on such security and/or recognize an other-than-temporary impairment through earnings, which could have a material adverse impact on our operating results. In addition, as discussed in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10-Q, we are potentially exposed to repurchase agreement counterparties should they default on their obligations, and we are unable to recover any excess collateral pledged to them.

Prepayment and Reinvestment Risk

Premiums arise when we acquire MBS at a price in excess of the principal balance of the mortgages securing such MBS (i.e., par value). Conversely, discounts arise when we acquire MBS at a price below the principal balance of the mortgages securing such MBS. Premiums paid on our MBS are amortized against interest income and accretable purchase discounts on our MBS are accreted to interest income. Purchase premiums on our MBS, which are primarily carried on our Agency MBS, are amortized against interest income over the life of each security using the effective yield method, adjusted for actual prepayment activity. An increase in the prepayment rate, as measured by the CPR, will typically accelerate the amortization of purchase premiums, thereby

reducing the yield/interest income earned on such assets. Generally, if prepayments on our Non-Agency MBS are less than anticipated, we expect that the income recognized on such assets would be reduced and impairments could result.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Management, under the direction of its Chief Executive Officer and Chief Financial Officer, is responsible for maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "1934 Act"), that are designed to ensure that information required to be disclosed in reports filed or submitted under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Quarterly Report on Form 10-Q, management evaluated the Company's disclosure controls and procedures. The evaluation was performed under the direction of the Company's Chief Executive Officer and Chief Financial Officer to determine the effectiveness, as of June 30, 2013, of the design and operation of the Company's disclosure controls and procedures. As discussed below, under the caption "Changes in Internal Control Over Financial Reporting," the Company determined that at December 31, 2012, control deficiencies existed in the Company's process to calculate taxable income for MBS, which in the aggregate rose to the level of a material weakness in internal control over financial reporting. The Company's efforts to remediate the identified material weakness are ongoing. Consequently, based on its evaluation, and after consideration of the status of its efforts to remediate control deficiencies that resulted in the previously identified material weakness, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of June 30, 2013.

(b) Changes in Internal Control Over Financial Reporting

As disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, the Company determined that, at December 31, 2012, control deficiencies existed in the Company's process to calculate taxable income for its MBS, including deficiencies in the design and operating effectiveness and management review of certain reconciliations and other control activities that, in the aggregate, rose to the level of a material weakness in internal control over financial reporting. As a result, the Company determined that as of December 31, 2012, its internal control over financial reporting was not effective. The Company also determined that, solely as a result of the material weakness, the Company's disclosure controls and procedures were not effective as of December 31, 2012.

As previously reported, the Company's management is in the process of developing and implementing new processes and procedures to remediate the material weakness described above. Those initiatives include the following:

- improvements in the design and operating effectiveness and management review of reconciliations of adjustments to GAAP income to arrive at REIT taxable income;
- improvement in technology based controls, including logical access and end user computing controls over spreadsheet-based models used in the determination of REIT taxable income; and
- increasing the resources dedicated to the Company's process to calculate taxable income for MBS, including the recruitment of a senior executive, reporting to the Chief Financial Officer, who is responsible for the process.

The Company believes that these measures will remediate the material weakness discussed above (as well as address the ineffectiveness of the Company's disclosure controls and procedures). However, the Company cannot provide any assurance that these remediation efforts will be successful or that its internal control over financial reporting will be

effective as a result of these efforts. As such efforts remain in process at June 30, 2013, management's conclusion regarding the effectiveness of the Company's disclosure controls and procedures as of December 31, 2012, has not changed as of June 30, 2013.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings to which we are a party or any of our assets are subject.

Item 1A. Risk Factors

For a discussion of the Company's risk factors, see Part I, Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2012. There are no material changes from the risk factors set forth in such Annual Report on Form 10-K. However, the risks and uncertainties that the Company faces are not limited to those set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also adversely affect the Company's business and the trading price of its securities.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities

As previously disclosed, in August 2005, the Company's Board authorized a Repurchase Program, to repurchase up to 4.0 million shares of the Company's outstanding common stock. The Board reaffirmed the authorization in May 2010. The authorization does not have an expiration date and, at present, there is no intention to modify or otherwise rescind such authorization. Subject to applicable securities laws, repurchases of common stock under the Repurchase Program may be made at times and in amounts as we deem appropriate, using available cash resources. Shares of common stock repurchased by the Company under the Repurchase Program are cancelled and, until reissued by the Company, are deemed to be authorized but unissued shares of the Company's common stock. The Repurchase Program may be suspended or discontinued by the Company at any time and without prior notice.

The Company engaged in no share repurchase activity during the second quarter of 2013 pursuant to the Repurchase program. The Company did, however, withhold restricted shares (under the terms of grants under our 2010 Plan) to offset tax withholding obligations that occur upon the vesting and release of restricted stock awards and RSUs. The following table presents information with respect to (i) such withheld restricted shares, and (ii) eligible shares remaining for repurchase under the Repurchase Program:

Month	Total Number of Shares Purchased	Weighted Average Price Paid Per Share (1)	Total Number of Shares Repurchased as Part of Publicly Announced Repurchase Program or Employee Plan	Maximum Number of Shares that May Yet be Purchased Under the Repurchase Program or Employee Plan
April 1-30, 2013:				
Repurchase Program	(2) —	\$—	—	2,759,709
Employee Transactions	(3) —	—	N/A	N/A
May 1-31, 2013:				
Repurchase Program	(2) —	—	—	2,759,709
Employee Transactions	(3) 18,010	9.33	N/A	N/A
June 1-30, 2013:				
Repurchase Program	(2) —	—	—	2,759,709
Employee Transactions	(3) 14,659	8.45	N/A	N/A

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Total Repurchase Program	(2)	—	\$—	—	2,759,709
Total Employee Transactions	(3)	32,669	\$8.93	N/A	N/A

(1) Includes brokerage commissions.

(2) As of June 30, 2013, the Company had repurchased an aggregate of 1,240,291 shares under the Repurchase Program.

(3) The Company's 2010 Plan provides that the value of the shares delivered or withheld be based on the price of our common stock on the date the relevant transaction occurs.

Item 6. Exhibits

The list of exhibits required to be filed as exhibits to this report are listed on page E-1 hereof, under "Exhibit Index," which is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 1, 2013

MFA FINANCIAL, INC.
(Registrant)

By: /s/ Stewart Zimmerman
Stewart Zimmerman
Chairman and Chief Executive Officer

By: /s/ Stephen D. Yarad
Stephen D. Yarad
Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT INDEX

The following exhibits are filed as part of this Quarterly Report:

Exhibit	Description
3.1	Articles Supplementary, dated April 12, 2013, of MFA Financial, Inc. (the “Company”) designating the Company’s 7.50% Series B Cumulative Redeemable Preferred Stock (incorporated herein by reference to Exhibit 3.1 to the Company’s Form 8-K, dated April 15, 2013 (Commission File No. 1-13991)).
4.1	Specimen of certificate representing the 7.50% Series B Cumulative Redeemable Preferred Stock (incorporated herein by reference to Exhibit 4.1 to the Company’s Form 8-K, dated April 15, 2013 (Commission File No. 1-13991)).
10.1	Amendment No. 1, dated April 4, 2013, to the Amended and Restated Employment Agreement, dated as of June 30, 2011, between the Company and Craig L. Knutson (incorporated herein by reference to Exhibit 10.1 to the Company’s Form 8-K, dated April 4, 2013 (Commission File No. 1-13991)).
31.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*These interactive data files are furnished and deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.