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AMREIT
Form 8-K
December 28, 2004

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): December 27, 2004

AMREIT
(Exact name of Registrant as specified in its Charter)

Texas
(State or other jurisdiction of
incorporation or organization)

0-28378
(Commission file number)

76-0410050
(I.R.S. Employer Identific
Number)

8 Greenway Plaza, Suite 1000, Houston, Texas 77046
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (713) 850-1400

Not applicable
(Former name or former address, if changed since last report)

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:

- 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 2.01 Completion of Acquisition or Disposition of Assets

On December 27, 2004, AmREIT acquired MacArthur Park Shopping Center, a Kroger anchored shopping center consisting of 198,443 square feet located on approximately 23 acres for \$38 million. The property, which was acquired from

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Regency Centers, is located in Dallas, Texas at the northwest intersection of I-635 and MacArthur Boulevard in the heart of Las Colinas, an affluent residential and business community that is home to Fortune 500 companies such as ExxonMobil, Citigroup, and Sabre. The purchase price consists of the assumption of \$13.41 million in long term fixed rate debt with the remainder to be paid in cash. The debt bears interest at 6.17% per annum and matures in December 2008. The weighted average remaining lease term for the project is eight years. The Kroger lease is for 20-years, containing approximately 63,000 square feet, expiring in November 2020. The shopping center is 100 percent occupied. The 2005 net operating income contribution to AmREIT is expected to be approximately \$2.8 million in 2005.

Following is a list of MacArthur Park Shopping Center's current tenants:

| TENANT | SQUARE FOOTAGE | LEASE TERM | EXPIRATION | RENTAL INCREASE |
|----------------------|----------------|------------|----------------|-----------------|
| Bogart Golf Texas | 2,100 | 3 years | September 2005 | No |
| Gap | 10,000 | 5 years | October 2005 | No |
| Claire's | 1,400 | 5 years | November 2005 | Yes |
| Coldwell Banker | 4,512 | 5 years | November 2005 | No |
| Commonwealth Land | | | | |
| Title Insurance | 2,271 | 5 years | November 2005 | Yes |
| Great Clips | 1,400 | 5 years | November 2005 | Yes |
| L'Amor Nails | 1,050 | 5 years | November 2005 | Yes |
| Baja Fresh | 2,650 | 5 years | December 2005 | No |
| MacArthur Park | | | | |
| Family Dentist | 1,742 | 5 years | December 2005 | Yes |
| Gold 'N Carats | | | | |
| Jewelers | 2,100 | 5 years | December 2005 | Yes |
| Royal Chopstick | 2,378 | 5 years | December 2005 | Yes |
| Tip Top Cleaners | 1,627 | 1 year | January 2006 | Yes |
| Hallmark | 6,500 | 65 months | February 2006 | No |
| Bath & Body Works | 2,556 | 64 months | February 2006 | No |
| Jane's Taylor | 987 | 5 years | February 2006 | Yes |
| Pro Image Salon | 1,400 | 63 months | March 2006 | Yes |
| Marble Slab Creamery | 1,400 | 5 years | April 2006 | Yes |
| AT&T Wireless | 2,326 | 5 years | July 2006 | Yes |
| Tasty Donut | 1,395 | 5 years | August 2006 | Yes |
| Ascot Tuxedos | 1,200 | 53 months | January 2007 | No |
| Harmonix Hair & | | | | |
| Skin Clinic | 1,500 | 5 years | January 2007 | Yes |
| EB Games | 1,052 | 5 years | April 2008 | No |
| Barnes & Noble | 22,453 | 123 months | January 2011 | Yes |
| Linens 'n Things | 35,000 | 124 months | January 2011 | No |
| Aaron Brothers | 6,333 | 124 months | February 2011 | Yes |
| Corner Bakery | 3,000 | 10 years | April 2011 | Yes |

| TENANT | SQUARE FOOTAGE | LEASE TERM | EXPIRATION | RENTAL INCREASE |
|--------|----------------|------------|------------|-----------------|
|--------|----------------|------------|------------|-----------------|

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|---------------------------------|--------|----------|---------------|-----|
| Pho Que Huong Noodle & Grill | 2,258 | 10 years | June 2011 | Yes |
| Masala A Casual Indian Diner | 2,254 | 10 years | July 2011 | Yes |
| Texadelphia | 2,616 | 10 years | October 2011 | Yes |
| Tin Star | 2,818 | 10 years | October 2012 | Yes |
| Payless Shoe Source | 2,567 | 10 years | November 2012 | Yes |
| Thai Enterprises | 2,225 | 10 years | November 2012 | Yes |
| Kroger | 63,373 | 20 years | November 2020 | No |

On December 28, 2004 the Company issued a press release announcing, among other things, this acquisition. A copy of that press release is filed as Exhibit 99.1 to this report on Form 8-K.

Item 2.06 Material Impairments

On December 22, 2004, the Company began marketing its Just For Feet project located in Baton Rouge, Louisiana. The Company will record an impairment charge to earnings of approximately \$1.3 million in the fourth quarter to reflect the anticipated loss to be incurred upon sale of the property, following the bankruptcy of its sole tenant. After a thorough remarketing of the property during the past 120 days, the Company could not replace the previously existing value and determined to sell the asset and redeploy the remaining value into more productive investments.

As previously announced, the Company intends to sell an additional \$10-15 million of non-core assets and has begun the marketing process on these properties. Based on management's evaluation of these properties, the local markets and the remaining lease term, management does not anticipate any future impairment issues on these properties.

Item 9.01 Financial Statements and Exhibits

See Exhibits:

| | |
|--------------|---|
| Exhibit 99.1 | December 28, 2004 Press release announcing MacArthur Park property acquisition. |
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SIGNATURE

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: December 28, 2004

AMREIT

By: /s/ Chad C. Braun

Chad C. Braun
Executive Vice President and
Chief Financial Officer

Index to Exhibits

99.1 December 28, 2004 Press release announcing MacArthur Park property acquisition.