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BNP RESIDENTIAL PROPERTIES INC
Form 8-K
June 24, 2005

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) March 31, 2005

BNP RESIDENTIAL PROPERTIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland	1-9496	56-1574675
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

301 S. College Street, Suite 3850
Charlotte, North Carolina 28202

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (704) 944-0100

N/A

(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 (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))

Total number of pages: 5

Item. 2.02 Results of Operations and Financial Condition

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In late January 2005, BNP Residential Properties, Inc. acquired Boddie Investment Company ("BIC") in exchange for shares of our common stock valued at \$8.2 million. As a result of this acquisition, in addition to other significant assets, we acquired certain economic interests in three limited partnerships:

- o Marina Shores Associates One Limited Partnership ("Marina Shores Partnership") - 50% interest as general partner;
- o The Villages of Chapel Hill Limited Partnership ("Villages Partnership") - 1% interest as general partner; and
- o The Villages of Chapel Hill - Phase 5 Limited Partnership ("Villages - Phase 5 Partnership") - 1% interest as general partner.

We described this transaction, along with our accounting treatment for our general partner interests in each of these partnerships, in detail in our Current Report on Form 10-Q for the quarterly period ended March 31, 2005.

You should read the following discussion in conjunction with our Current Report on Form 10-Q for the quarterly period ended March 31, 2005.

Since release of our first quarter 2005 10-Q, we have received numerous requests from members of the investment community for additional information regarding the impact of including the accounts of the Marina Shores Partnership and the Villages Partnership in our consolidated financial statements for the first time in that report. We are providing the following supplemental summary consolidating information in response to those requests.

Results of operations

The following table provides consolidating information underlying our unaudited consolidated statements of operations included in our Current Report on Form 10-Q for the quarterly period ended March 31, 2005 (all amounts in table and accompanying footnotes in thousands):

	Three months ended March 31,			
	2005			
	Consolidated	Eliminations	Consolidated Limited Partnerships(1)	Wholly Owned Properties
Revenues				
Apartment rental income	\$ 14,092	\$ -	\$ 1,183	\$ 12,909
Restaurant rental income	957	-	-	957
Management fee income	115	(59)	-	176
Equity in income (loss) of unconsolidated limited partnerships(2)	-	-	-	-
Interest and other income	225	(21)	3	247
	15,390	(80)	1,187	14,287
Expenses				
Apartment operations	5,443	(59)	472	5,036
Apartment administration	673	-	-	673

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Corporate administration	885	-	-	88
Interest	4,574	(21)	405	4,19
Penalties paid at debt refinance	516	-	516	

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	Three months ended March 31,			
	2005			
	Consolidated	Eliminations	Consolidated Limited Partnerships (1)	Wholly Owned Properties
Depreciation	3,522	-	347	3,17
Amortization of deferred loan costs	107	-	11	9
Write-off of unamortized loan costs at debt refinance	160	-	160	
Deficit distributions to minority partners of consolidated limited partnerships (3)	6,821	-	6,821	
	22,701	(80)	8,732	14,05
(Loss) income before minority interest	(7,311)	\$ -	\$ (7,545)	\$ 23
Loss (income) attributed to minority interests -				
- Consolidated limited partnerships	62			
- Operating partnership	1,292			
Net (loss) income	(5,957)			
Cumulative preferred dividend	(250)			
(Loss) income attributable to common shareholders	\$ (6,207)			

Funds from Operations

Funds from operations is frequently referred to as "FFO." FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as "net income (computed in accordance with generally accepted accounting principles), excluding gains (losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures." Our calculation of FFO is consistent with FFO as defined by NAREIT. Because we hold all of our assets in and conduct all of our operations

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through the operating partnership, we measure FFO at the operating partnership level (i.e., before minority interest in the operating partnership).

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. In fact, real estate values have historically risen or fallen with market conditions. FFO is intended to be a standard supplemental measure of operating performance that excludes historical cost depreciation from - or "adds it back" to - GAAP net income. We consider FFO to be useful in evaluating potential property acquisitions and measuring operating performance.

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Funds from operations does not represent net income as defined by generally accepted accounting principles. You should not consider FFO to be an alternative to net income as a reliable measure of the company's operating performance. Further, FFO as disclosed by other REITs might not be comparable to our calculation of FFO.

The following table provides consolidating information underlying our calculation of FFO of the operating partnership included in our Current Report on Form 10-Q for the period ended March 31, 2005 (all amounts in table and accompanying footnotes in thousands):

	Three months ended March 31,			
	2005			
	Consolidated	Eliminations	Consolidated Limited Partnerships (1)	Wholly Owned Properties
(Loss) income before minority interest	\$ (7,311)	\$ -	\$ (7,545)	\$ 234
Cumulative preferred dividend	(250)	-	-	(250)
Depreciation	3,522	-	347	3,175
Deficit distributions to minority partners of consolidated limited partnerships (2)	6,821	-	6,821	-
	2,782	-	(377)	3,159
Minority interest in FFO of consolidated limited partnerships	538	-	538	-
Funds from operations	\$ 3,320	\$ -	\$ 161	\$ 3,159

Balance sheet amounts

The following table provides consolidating information underlying our unaudited consolidated balances sheets included in our Current Report on Form 10-Q for the period ended March 31, 2005 (all amounts in table and accompanying footnotes in thousands):

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	March 31,			
	2005			
	Consolidated	Eliminations	Consolidated Limited Partnerships (1)	Wholly Owned Properties
Assets				
Real estate investments at cost:				
Apartment properties	\$ 489,729	\$ -	\$ 46,643	\$ 443,
Restaurant properties	37,405	-	-	37,
	527,134	-	46,643	480,
Less accumulated depreciation	(76,155)	-	(6,530)	(69,
	450,979	-	40,112	410,

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	March 31,			
	2005			
	Consolidated	Eliminations	Consolidated Limited Partnerships (1)	Wholly Owned Properties
Cash and cash equivalents	2,583	-	1,595	
Prepaid expenses and other assets (2)	7,513	(4,260)	1,189	10,
Intangible related to acquisition of management operations	1,115	-	-	1,
Deferred financing costs, net of accumulated amortization	2,690	-	616	2,
	\$ 464,880	\$ (4,260)	\$ 43,512	\$ 425,
Liabilities and Shareholders' Equity				
Deed of trust and other notes payable	\$ 373,269	\$ -	\$ 45,893	\$ 327,
Accounts payable and accrued expenses	3,347	(1,998)	2,241	3,
Accrued interest on notes payable	1,660	-	190	1,
Consideration due for acquisitions	1,000	-	-	1,
Deferred revenue and security deposits	1,940	-	121	1,
	381,216	(1,998)	48,446	334,
Minority interests -				
- Consolidated limited partnerships	288	-	288	

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- Operating partnership	20,258	-	-	20,
Shareholders' equity	63,120	(2,262)	(5,221)	70,
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	\$ 464,880	\$ (4,260)	\$ 43,512	\$ 425,
	=====	=====	=====	=====

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.

BNP Residential Properties, Inc.
(Registrant)

June 23, 2005

/s/ Pamela B. Bruno

Pamela B. Bruno
Vice President, Treasurer and
Chief Accounting Officer