



## **HEALTHCARE TRUST OF AMERICA, INC.**

### **SUPPLEMENT NO. 1 DATED OCTOBER 23, 2009 TO THE PROSPECTUS DATED OCTOBER 23, 2009**

This document supplements, and should be read in conjunction with, our prospectus dated October 23, 2009, relating to our offering of 221,052,632 shares of common stock. The purpose of this Supplement No. 1 is to disclose:

- the status of our initial public offering;
- a description of our current portfolio;
- our recent acquisition of the Greenville Hospital System Portfolio in Greenville, South Carolina;
- selected financial data;
- information regarding our distributions;
- our performance — funds from operations;
- our property performance — net operating income;
- additional risk factors; and
- compensation paid to our former advisor and its affiliates.

#### **Status of our Initial Public Offering**

As of October 22, 2009, we had received and accepted subscriptions in our offering for 129,445,061 shares of our common stock, or approximately 1,293,197,517, excluding shares issued under our distribution reinvestment plan. As of October 22, 2009, approximately 70,600,000 shares remained available for sale to the public under our initial public offering, excluding shares available under our distribution reinvestment plan. This offering has been extended pursuant to SEC Rule 415 under the Securities Act of 1933, as amended, and will expire no later than the earlier of March 19, 2010 or the date on which the maximum offering has been sold.

#### **Our Current Portfolio**

We provide stockholders the potential for income and growth through investment in a diversified portfolio of real estate properties, focusing primarily on medical office buildings and healthcare-related facilities. We focus primarily on income producing investments which may be located in multiple states. As of June 30, 2009, we owned 43 properties with an aggregate gross leasable area, or GLA, of 5,487,000 square feet and one real estate related asset, and the aggregate purchase price of our total portfolio was \$1,043,920,000. We have completed one acquisition since June 30, 2009. Each of our properties is 100% owned by our operating

partnership except one, which is 80.0% owned by our operating partnership through a joint venture. The tables below provide summary information regarding our properties as of June 30, 2009:

<u>State</u>	<u>Number</u>	<u>Properties Owned as a Percentage of Aggregate Purchase Price</u>
Arizona . . . . .	3	5.3%
California . . . . .	2	3.8
Colorado . . . . .	1	1.4
Florida . . . . .	3	6.9
Georgia . . . . .	6	8.9
Indiana . . . . .	5	12.7
Minnesota . . . . .	2	1.7
Missouri . . . . .	1	3.5
New Hampshire . . . . .	1	1.4
Ohio . . . . .	4	7.0
Oklahoma . . . . .	1	2.8
Pennsylvania . . . . .	1	2.6
Tennessee . . . . .	1	2.0
Texas . . . . .	4	10.8
Utah . . . . .	1	2.9
Wisconsin . . . . .	2	7.2
Multiple States . . . . .	<u>5</u>	<u>19.2</u>
<b>Total</b> . . . . .	<u>43</u>	<u>100.0%</u>

The table below describes the type of real estate properties and other real estate related assets we owned as of June 30, 2009:

<u>Type of Investment</u>	<u>Number of Investments</u>	<u>Gross Leasable Area</u>
Medical Office . . . . .	119	4,137,000
Healthcare Related Facility . . . . .	16	1,042,000
Office . . . . .	3	308,000
Other Real Estate Related Assets . . . . .	<u>1</u>	<u>N/A</u>
<b>Total</b> . . . . .	<u>139</u>	<u>5,487,000</u>

The table below describes the average effective annual rent per square foot and the occupancy rate for each of the last five years ended December 31, 2008 and through June 30, 2009, for which we owned properties:

	<u>2004(1)</u>	<u>2005(1)</u>	<u>2006(1)</u>	<u>2007(2)</u>	<u>2008(2)</u>	<u>June 30, 2009</u>
Average Effective Annual Rent per Square Foot . . .	N/A	N/A	N/A	\$18.41	\$16.87	\$17.18
Occupancy Rate . . . . .	N/A	N/A	N/A	88.6%	91.3%	89.3%

(1) We were initially capitalized on April 28, 2006 and therefore we consider that our date of inception. We purchased our first property on January 22, 2007.

(2) Based on leases in effect as of December 31, 2007 and December 31, 2008, respectively.

The following table presents the sensitivity of our annual base rent due to lease expirations as of June 30, 2009 for the six months ending December 31, 2009 and for each of the next ten years and thereafter at our properties, by number, square feet, percentage of leased area, annual base rent and percentage of annual rent:

	<u>Number of Leases Expiring</u>	<u>Total Sq. Ft. of Expiring Leases</u>	<u>% of Leased Area Represented by Expiring Leases</u>	<u>Annual Rent Under Expiring Leases</u>	<u>% of Total Annual Rent Represented by Expiring Leases(1)</u>
2009.....	159	333,000	6.9%	\$ 6,838,000	6.6%
2010.....	120	474,000	9.7	9,325,000	8.9
2011.....	110	461,000	9.5	9,230,000	8.9
2012.....	123	435,000	8.9	8,568,000	8.3
2013.....	103	612,000	12.5	12,932,000	12.4
2014.....	54	558,000	11.5	8,832,000	8.5
2015.....	31	188,000	3.9	4,638,000	4.5
2016.....	40	351,000	7.2	7,651,000	7.4
2017.....	39	321,000	6.5	6,790,000	6.5
2018.....	46	364,000	7.4	7,384,000	7.1
2019.....	16	97,000	2.0	2,920,000	2.8
Thereafter.....	<u>41</u>	<u>687,000</u>	<u>14.0</u>	<u>18,732,000</u>	<u>18.1</u>
<b>Total</b> .....	<u>882</u>	<u>4,881,000</u>	<u>100%</u>	<u>\$103,840,000</u>	<u>100%</u>

As of June 30, 2009, no single tenant accounted for 10.0% or more of the GLA of our real estate properties.

For the six months ended June 30, 2009, we had interests in seven consolidated properties located in Texas, which accounted for 16.7% of our total rental income and interests in five consolidated properties located in Indiana, which accounted for 14.2% of our total rental income. This rental income is based on contractual base rent from leases in effect as of June 30, 2009. Accordingly, there is a geographic concentration of risk subject to fluctuations in each state's economy.

### **Recent Acquisition of Greenville Hospital System Portfolio**

On September 18, 2009, we, through our subsidiary, HTA Greenville, LLC, or HTA Greenville, acquired a fee simple interest in 7 medical office buildings, and a leasehold interest in 9 medical office buildings in the Greenville, South Carolina area, or the GHS portfolio, from an unaffiliated third party for a purchase price of \$162,820,000 plus closing costs. For the six months ended June 30, 2009 and 2008, respectively, none of our tenants at our consolidated properties accounted for 10.0% or more of our aggregate annual rental income.

### **Financing and Fees**

We paid 100% of the purchase price of \$162,820,000 for the GHS portfolio in cash.

### **Description of the Property**

The GHS portfolio consists of approximately 856,000 rentable square feet of medical office and related space and is currently 100% leased. As of the date of closing, approximately 84% of the rentable square feet is leased by the seller, Greenville Hospital System, or GHS, and the remainder is leased primarily by medical tenants.

GHS is one of the largest healthcare services providers in South Carolina and has approximately 70% of the market share in its primary service area. Approximately 92% of the GHS portfolio's square footage is located on or adjacent to three of GHS's five hospital campuses. The Greenville Memorial "flagship" campus

is approximately 138 acres and includes approximately 1,268 acute hospital beds, approximately 380 employed physicians, and approximately 1,000 affiliated physicians.

GHS has executed leases for a total of approximately 718,924 square feet, or approximately 84% of the GHS portfolio. The GHS leases will have an initial average term of approximately 14 years with annual rent escalations. For the first year of the leases, GHS will pay a base rent of \$16.78 per square foot and the overall GHS portfolio will have a base rent of \$16.75 per square foot.

The principal businesses occupying the building are healthcare providers. GHS owns and operates acute care hospitals and related specialty care facilities. In addition to GHS, the two largest tenants, Carolina Cardiology Consultant and Cancer Center of the Carolinas, have been occupants of the property since November, 2007 and January, 2009, respectively.

Greenville Hospital System will continue to serve as the property manager and provides services and receives certain fees and expense reimbursements in connection with the operation and management of the GHS portfolio.

The capitalization rate for our acquisition of the GHS portfolio was 8.01%. This rate was calculated by dividing the annual net operating income of approximately \$13 million by the total purchase price of \$162,820,000.

The GHS portfolio faces competition from other nearby medical office buildings that provide comparable services. GHS is the dominant provider of healthcare services in South Carolina with approximately 70% of the market share in the largest Metropolitan Statistical Area in South Carolina.

Generally, GHS will guarantee a fixed cost for any tenant improvements and renovations and have a to-be-determined date certain for completion. For federal income tax purposes, the depreciable basis in the GHS portfolio will be approximately \$138.4 million. We calculate depreciation for income tax purposes using the straight line method. We depreciate buildings based upon estimated useful lives of 39 years.

The following table sets forth the lease expirations of the GHS portfolio for the next ten years and thereafter, including the number of tenants whose leases will expire in the applicable year, the total area in square feet covered by such leases and the percentage of gross annual rent represented by such leases.

<u>Year</u>	<u>No. of Leases Expiring</u>	<u>Total Square Feet of Expiring Leases</u>	<u>Gross Annual Rent of Expiring Leases</u>	<u>% of Gross Annual Rent Expressed by Expiring Leases</u>
2009 . . . . .	—	—	—	—
2010 . . . . .	—	—	—	—
2011 . . . . .	1	14,064	\$ 194,448	1.31%
2012 . . . . .	2	35,029	\$ 633,819	4.17%
2013 . . . . .	7	70,074	\$ 1,263,758	8.16%
2014 . . . . .	—	—	—	—
2015 . . . . .	—	—	—	—
2016 . . . . .	1	10,419	\$ 166,867	1.02%
2017 . . . . .	1	7,669	\$ 181,472	1.09%
2018 . . . . .	—	—	—	—
Thereafter . . . . .	36	718,924	\$13,954,059	83.27%

The properties in the GHS portfolio were built between 1974 and 2008. Since the properties were completed, they have been fully occupied by GHS and third party tenants. As discussed above, as of the closing date, the GHS portfolio is 100% leased.

## Selected Financial Data

The following selected financial data should be read with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto incorporated by reference into the prospectus. Our historical results are not necessarily indicative of results for any future period.

The following tables present summarized consolidated financial information including balance sheet data, statement of operations data, and statement of cash flows data in a format consistent with our consolidated financial statements.

	June 30, 2009	December 31,		April 28, 2006 (Date of Inception)	
		2008	2007		
<b>BALANCE SHEET DATA</b>					
Total assets . . . . .	\$1,436,644,000	\$1,113,923,000	\$431,612,000	\$202,000	
Mortgage loan payables, net . . . . .	452,955,000	460,762,000	185,801,000	—	
Total stockholders' equity . . . . .	925,447,000	599,320,000	175,590,000	2,000	
	<b>Six Months Ended June 30, 2009</b>	<b>Six Months Ended June 30, 2008</b>	<b>Year Ended December 31, 2008</b>	<b>Year Ended December 31, 2007</b>	<b>2006 (Date of Inception) through December 31, 2006</b>
<b>INCOME STATEMENT DATA</b>					
Total revenues . . . . .	60,294,000	29,390,000	80,418,000	17,626,000	—
Net loss . . . . .	(10,335,000)	(6,175,000)	(28,409,000)	(7,674,000)	(242,000)
Net loss attributable to controlling interest . . . . .	(10,507,000)	(6,284,000)	(28,448,000)	(7,666,000)	(242,000)
Net loss per share attributable to controlling interest — basic and diluted(1) . . . . .	(0.11)	(0.22)	(0.66)	(0.77)	(149.20)
<b>STATEMENT OF CASH FLOWS DATA:</b>					
Net cash provided by operating activities . . . . .	14,250,000	7,041,000	20,677,000	7,005,000	—
Net cash used in investing activities . . . . .	(83,478,000)	(355,212,000)	(526,475,000)	385,440,000	—
Net cash provided by financing activities . . . . .	331,376,000	354,463,000	628,662,000	383,700,000	202,000
<b>OTHER DATA:</b>					
Distributions declared . . . . .	34,724,000	10,458,000	31,180,000	7,250,000	—
Distributions declared per share . .	0.36	0.36	0.73	0.70	—

(1) Net loss per share is based upon the weighted average number of shares of our common stock outstanding. Distributions by us of our current and accumulated earnings and profits for federal income tax purposes are taxable to stockholders as ordinary income. Distributions in excess of these earnings and profits generally are treated as a non-taxable reduction of the stockholder's basis in the shares to the extent thereof (a return of capital for tax purposes) and, thereafter, as taxable gain. These distributions in excess of earnings and profits will have the effect of deferring taxation of the distributions until the sale of the stockholder's common stock.

### Information Regarding our Distributions

The amount of the distributions to our stockholders is determined by our board of directors and is dependent on a number of factors, including funds available for payment of distributions, our financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended.

Our board of directors approved a 6.50% per annum, or \$0.65 per common share, distribution to be paid to our stockholders beginning on January 8, 2007, the date we reached our minimum offering of \$2,000,000. The first distribution was paid on February 15, 2007 for the period ended January 31, 2007. On February 14, 2007, our board of directors approved a 7.25% per annum, or \$0.725 per common share, distribution to be paid to our stockholders beginning with our February 2007 monthly distribution, which was paid in March 2007. Distributions are paid to our stockholders on a monthly basis.

If distributions are in excess of our taxable income, such distributions will result in a return of capital to our stockholders. Our distribution of amounts in excess of our taxable income has resulted in a return of capital to our stockholders.

For the six months ended June 30, 2009, we paid distributions of \$32,251,000 (\$16,469,000 in cash and \$15,782,000 in shares of our common stock pursuant to our distribution reinvestment plan), as compared to cash flow from operations of \$14,250,000. From inception through December 31, 2008, we paid cumulative distributions of \$34,038,000 (\$18,266,000 in cash and \$15,772,000 in shares of our common stock pursuant to the DRIP), as compared to cumulative cash flows from operations of \$27,682,000. The distributions paid in excess of our cash flow from operations were paid using proceeds from this offering.

The following presents the amount of our distributions and the source of payment of such distributions for each of the last four quarters ended June 30, 2009:

	Three Months Ended			
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Distributions paid in cash . . . . .	\$ 9,156,000	\$ 7,313,000	\$ 5,669,000	\$4,144,000
Distributions reinvested . . . . .	8,848,000	6,934,000	5,192,000	3,572,000
Total distributions . . . . .	\$18,004,000	\$14,247,000	\$10,861,000	\$7,716,000
Source of distributions:				
Cash flow from operations . . . . .	\$ 8,355,000	\$ 5,895,000	5,044,000	7,716,000
Offering proceeds . . . . .	\$ 9,649,000	\$ 8,352,000	5,817,000	—
Total sources . . . . .	\$18,004,000	\$14,247,000	\$10,861,000	\$7,716,000

As of June 30, 2009, we had an amount payable of \$1,489,000 to Grubb & Ellis Healthcare REIT Advisor, LLC, or our former advisor, and its affiliates for operating expenses, on-site personnel and engineering payroll, lease commissions and asset and property management fees, which will be paid from cash flow from operations in the future as they become due and payable by us in the ordinary course of business consistent with our past practice.

Our former advisor or its affiliates have no obligations to defer or forgive amounts due to them and, as of June 30, 2009, no amounts due to our former advisor or its affiliates have been deferred or forgiven. In the future, if our former advisor or its affiliates do not defer or forgive amounts due to them or if our operating expenses increase as a result of our transition to self-management, this could negatively affect our cash flow from operations, which could result in us paying distributions, or a portion thereof, with proceeds from this offering or borrowed funds. As a result, the amount of proceeds available for investment and operations would be reduced, or we may incur additional interest expense as a result of borrowed funds.

For the six months ended June 30, 2009 and 2008, our funds from operations, or FFO, were \$15,335,000 and \$7,305,000 respectively. FFO was increased (reduced) by noncash gains (losses) caused by the reduced fair market value of interest rate swaps of \$3,292,000 and \$(104,000) for the six months ended June 30, 2009 and 2008, respectively. FFO also reflects a reduction for acquisition-related expenses of \$3,180,000 and \$0 for

the six months ended June 30, 2009 and 2008, respectively, as a result of the adoption of SFAS No. 141(R) on January 1, 2009. Acquisition costs were previously capitalized as part of the purchase price allocations and have historically been added back to FFO over time through depreciation. For the six months ended June 30, 2009 and 2008 we paid distributions of \$32,251,000 and \$9,465,000 respectively. Such amounts were covered by FFO of \$15,335,000 and \$7,305,000, respectively, which is net of the noncash gains and losses described below. The distributions paid in excess of our FFO were paid using proceeds from this offering. Excluding such noncash gains and losses as well as acquisition costs, FFO would have been \$15,223,000 and \$7,409,000, respectively. See our discussion of FFO below.

In order to manage interest rate risk, we enter into interest rate swaps to fix interest rates, which are derivative financial instruments. These interest rate swaps are required to be recorded at fair market value, even if we have no intention of terminating these instruments prior to their respective maturity dates. Our FFO reflects cumulative noncash losses on derivative financial instruments related to our interest rate swaps from inception through June 30, 2009 in the amount of \$10,907,000 resulting from fluctuations in variable interest rates. This change in fair value is an adjustment to reconcile net loss to net cash provided by operating activities. This is shown in our accompanying consolidated statements of cash flows as a noncash adjustment. All interest rate swaps are marked-to-market with changes in value included in net income (loss) each period until the instrument matures. We have no intentions of terminating these instruments prior to their respective maturity dates. The value of our interest rate swaps will fluctuate until the instrument matures and will be zero upon maturity of the instruments. Therefore, any gains or losses on derivative financial instruments will ultimately be reversed.

### **Our Performance — Funds From Operations**

One of our objectives is to provide cash distributions to our stockholders from cash generated by our operations. Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, has promulgated a measure known as FFO, which it believes more accurately reflects the operating performance of a REIT such as us. FFO is not equivalent to our net income or loss as determined under generally accepted accounting principles in the United States, or GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as revised in February 2004. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from sales of property but including asset impairment writedowns, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. The use of FFO is recommended by the REIT industry as a supplemental performance measure.

Presentation of this information is intended to assist the reader in comparing the operating performance of different REITs, although it should be noted that not all REITs calculate FFO the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO is not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income as an indication of our performance. Our FFO reporting complies with NAREIT's policy described above.

The following is the calculation of FFO for each of the last four quarters ended June 30, 2009.

	Three Months Ended			
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Net loss . . . . .	\$ (3,535,000)	\$ (6,800,000)	\$ (16,596,000)	\$ (5,638,000)
Add:				
Depreciation and amortization — consolidated properties . . . . .	12,645,000	13,299,000	12,493,000	11,213,000
Less:				
Net (income) loss attributable to noncontrolling interest of limited partners . . . . .	(102,000)	(70,000)	117,000	(47,000)
Depreciation and amortization related to noncontrolling interests . . . . .	<u>(51,000)</u>	<u>(51,000)</u>	<u>(51,000)</u>	<u>(51,000)</u>
FFO . . . . .	<u>\$ 8,957,000</u>	<u>\$ 6,378,000</u>	<u>\$ (4,037,000)</u>	<u>\$ 5,477,000</u>
FFO per share — basic . . . . .	<u>\$ 0.08</u>	<u>\$ 0.08</u>	<u>\$ (0.06)</u>	<u>\$ 0.11</u>
	Three Months Ended			
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
FFO per share — diluted . . . . .	<u>\$ 0.08</u>	<u>\$ 0.08</u>	<u>\$ (0.06)</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding —				
Basic . . . . .	<u>106,265,880</u>	<u>84,672,174</u>	<u>65,904,688</u>	<u>47,735,536</u>
Diluted . . . . .	<u>106,265,880</u>	<u>84,672,174</u>	<u>65,904,688</u>	<u>47,735,536</u>

FFO reflects (gains) losses on derivative financial instruments related to our interest rate swaps, amortization of deferred financing fees on our line of credit and unused fees on our line of credit. FFO also reflects a reduction for acquisition-related expenses as a result of the adoption of SFAS No. 141(R) on January 1, 2009. Acquisition costs were previously capitalized as part of the purchase price allocations and have historically been added back to FFO over time through depreciation.

### Our Property Performance — Net Operating Income

As of June 30, 2009, we owned 43 properties and one real estate related asset as compared to owning 41 properties as of December 31, 2008. The aggregate occupancy for the properties was approximately 89.3% as of June 30, 2009 versus approximately 91.3% as of December 31, 2008.

The aggregate net operating income for the properties for the six months ended June 30, 2009 was \$37,933,000 compared to \$52,244,000 for the year ended December 31, 2008.

Net operating income is a non-GAAP financial measure that is defined as net income (loss), computed in accordance with GAAP, generated from properties before interest expense, general and administrative expenses, depreciation, amortization, interest and dividend income and minority interests. We believe that net operating income provides an accurate measure of the operating performance of our operating assets because net operating income excludes certain items that are not associated with management of the properties. Additionally, we believe that net operating income is a widely accepted measure of comparative operating performance in the real estate community. However, our use of the term net operating income may not be comparable to that of other real estate companies as they may have different methodologies for computing this amount.

To facilitate understanding of this financial measure, a reconciliation of net loss to net operating income has been provided for the six months ended June 30, 2009 and for the year ended December 31, 2008.

	<u>Six Months Ended June 30, 2009</u>	<u>Year Ended December 31, 2008</u>
Net loss . . . . .	\$(10,335,000)	\$(28,448,000)
Add:		
General and administrative . . . . .	10,860,000	9,560,000
Depreciation and amortization . . . . .	25,944,000	37,398,000
Interest expense . . . . .	11,636,000	34,164,000
Less:		
Interest and dividend income(1) . . . . .	<u>(172,000)</u>	<u>(430,000)</u>
Net operating income . . . . .	<u>\$ 37,933,000</u>	<u>\$ 52,244,000</u>

(1) Certain reclassifications have been made to conform to current year presentation with respect to minority interest and the adoption of FAS 160.

### **Additional Risk Factors**

The “Risk Factors” section of the prospectus is hereby supplemented by the following additional risk factors:

***We may not have sufficient cash available from operations to pay distributions, and, therefore, distributions may be paid with offering proceeds or borrowed funds.***

The amount of the distributions to our stockholders is determined by our board of directors and is dependent on a number of factors, including funds available for payment of distributions, our financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our status as a REIT. On February 14, 2007, our board of directors approved a 7.25% per annum, or \$0.725 per common share, distribution to be paid to stockholders beginning with our February 2007 monthly distribution, which was paid in March 2007.

For the six months ended June 30, 2009, we paid distributions of \$32,251,000 (\$16,469,000 in cash and \$15,782,000 in shares of our common stock pursuant to our distribution reinvestment plan, or the DRIP as compared to cash flow from operations of \$14,250,000. The distributions paid in excess of our cash flow from operations were paid using proceeds from this offering. As of June 30, 2009, we had an amount payable of \$1,489,000 to Grubb & Ellis Healthcare REIT Advisor, LLC, or our former advisor, and its affiliates for operating expenses, on-site personnel and engineering payroll, lease commissions, and asset and property management fees, which will be paid from cash flow from operations in the future as they become due and payable by us in the ordinary course of business consistent with our past practice.

As of June 30, 2009, no amounts due to our former advisor or its affiliates have been deferred or forgiven. Our former advisor and its affiliates have no obligations to defer or forgive amounts due to them. In the future, if our former advisor or its affiliates do not defer or forgive amounts due to them or if our operating expenses increase as a result of our transition to self-management and our cash flows from operations is less than the distributions to be paid, we would be required to pay our distributions, or a portion thereof, with proceeds from this offering or borrowed funds. As a result, the amount of proceeds available for investment and operations would be reduced, or we may incur additional interest expense as a result of borrowed funds.

For the six months ended June 30, 2009, our FFO was \$15,335,000. We paid distributions of \$32,251,000, of which \$15,335,000 was paid from FFO and the remainder from proceeds from this offering.

*Our distribution payments during the last three fiscal quarters have been funded from sources other than cash flow from operations.*

Our distributions paid during the quarters ending December 31, 2008, March 31, 2009 and June 30, 2009 have been funded over 50% from offering proceeds in addition to cash flow from operations.

### Compensation Paid to our Former Advisor

<u>Type of Compensation</u>	<u>Amounts Incurred Inception to June 30, 2009</u>
<i><b>Offering Stage:</b></i>	
Selling Commissions . . . . .	\$78,568,000
Marketing Support Fee and Due Diligence Expense Reimbursement . . . . .	28,620,000
Other Organizational and Offering Expenses . . . . .	11,067,000
<i><b>Acquisition and Development Stage:</b></i>	
Acquisition Fees . . . . .	30,416,000
Reimbursement of Acquisition Expenses . . . . .	36,000
<i><b>Operational Stage:</b></i>	
Asset Management Fee . . . . .	10,354,000
Property Management Fees . . . . .	4,745,000
Lease Fees . . . . .	2,190,000
Operating Expenses . . . . .	824,000
On-site Personnel and Engineering Payroll . . . . .	2,530,000
Related Party Services Agreement . . . . .	572,000
Compensation for Additional Services . . . . .	10,000
Interest Expense . . . . .	86,000
<i><b>Liquidity Stage:</b></i>	
Disposition Fees . . . . .	—
Subordinated Distribution of Net Sales Proceeds . . . . .	—
Subordinated Distribution Upon Listing . . . . .	—
Subordinated Distribution Upon Termination . . . . .	—

As of June 30, 2009, compensation incurred but not yet paid was approximately \$440,000, representing normal accruals for second quarter 2009 activities.



