UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-9317

COMMONWEALTH REIT

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**04-6558834**

(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts	**02458-1634**
(Address of Principal Executive Offices)	(Zip Code)

617-332-3990

(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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Number of registrant s common shares of beneficial interest, $0.01 par value per share, outstanding as of May 8, 2013: 118,304,068.

Table of Contents

COMMONWEALTH REIT

FORM 10-Q

March 31, 2013

INDEX

References in this Quarterly Report on Form 10-Q to the Company , CWH , we , us or our refer to CommonWealth REIT and its consolidated subsidiaries, including its majority owned consolidated subsidiary, Select Income REIT and its consolidated subsidiaries, or SIR, unless the context indicates otherwise.

SIR is itself a public company having common shares registered under the Securities Exchange Act of 1934, as amended. For further information about SIR, please see SIR s periodic reports and other filings with the Securities and Exchange Commission, or the SEC, which are available at the SEC s website at www.sec.gov. References in this Quarterly Report on Form 10-Q to SIR s filings with the SEC are included as textual references only, and the information in SIR s filings with the SEC is not incorporated by reference into this Quarterly Report on Form 10-Q unless otherwise expressly stated herein.

Table of Contents

PART I. Financial Information

Item 1. Financial Statements.

COMMONWEALTH REIT

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share data)

(unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
Real estate properties:		
Land	$ 1,548,225	$ 1,531,416
Buildings and improvements	6,441,544	6,297,993
	7,989,769	7,829,409
Accumulated depreciation	(1,047,697)	(1,007,606)
	6,942,072	6,821,803
Properties held for sale	159,501	171,832
Acquired real estate leases, net	416,763	427,756
Equity investments	11,394	184,711
Cash and cash equivalents	48,692	102,219
Restricted cash	14,723	16,626
Rents receivable, net of allowance for doubtful accounts of $9,962	267,733	253,394
Other assets, net	221,790	211,293
Total assets	$ 8,082,668	$ 8,189,634
LIABILITIES AND SHAREHOLDERS EQUITY		
Revolving credit facility	$ 135,000	$ 297,000
SIR revolving credit facility	238,000	95,000
Senior unsecured debt, net	2,304,229	2,972,994
Mortgage notes payable, net	980,985	984,827
Liabilities related to properties held for sale	1,994	2,339
Accounts payable and accrued expenses	155,993	194,184
Assumed real estate lease obligations, net	66,576	69,304
Rent collected in advance	34,703	35,700
Security deposits	23,822	23,860
Due to related persons	14,636	12,958
Total liabilities	3,955,938	4,688,166
Shareholders equity:		
Shareholders equity attributable to CommonWealth REIT:		
Preferred shares of beneficial interest, $0.01 par value:		

50,000,000 shares authorized;		
Series D preferred shares; 6 1/2% cumulative convertible; 15,180,000 shares issued and outstanding, aggregate liquidation preference $379,500	368,270	368,270
Series E preferred shares; 7 1/4% cumulative redeemable on or after May 15, 2016; 11,000,000 shares issued and outstanding, aggregate liquidation preference $275,000	265,391	265,391
Common shares of beneficial interest, $0.01 par value:		
350,000,000 shares authorized; 118,304,068 and 83,804,068 shares issued and outstanding, respectively	1,183	838
Additional paid in capital	4,212,082	3,585,400
Cumulative net income	2,412,567	2,386,900
Cumulative other comprehensive income	2,577	565
Cumulative common distributions	(2,993,520)	(2,972,569)
Cumulative preferred distributions	(540,518)	(529,367)
Total shareholders equity attributable to CommonWealth REIT	3,728,032	3,105,428
Noncontrolling interest in consolidated subsidiary	398,698	396,040
Total shareholders equity	4,126,730	3,501,468
Total liabilities and shareholders equity	$ 8,082,668	$ 8,189,634

See accompanying notes.

Table of Contents

COMMONWEALTH REIT

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except per share data)

(unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Rental income	$ 275,048	$ 243,378
Expenses:		
Operating expenses	109,659	97,236
Depreciation and amortization	66,523	58,019
General and administrative	17,266	11,536
Acquisition related costs	628	2,502
Total expenses	194,076	169,293
Operating income	80,972	74,085
Interest and other income	458	285
Interest expense (including net amortization of debt discounts, premiums and deferred financing fees of $629 and $746, respectively)	(52,344)	(49,106)
Loss on early extinguishment of debt	(60,027)	(67)
Equity in earnings of investees	4,262	2,958
Gain on sale of equity investment	66,293	
Income from continuing operations before income tax expense	39,614	28,155
Income tax expense	(988)	(492)
Income from continuing operations	38,626	27,663
Discontinued operations:		
Loss from discontinued operations	(1,912)	(3,089)
Loss on asset impairment from discontinued operations	(3,946)	
Gain on sale of properties from discontinued operations	1,260	
Income before gain on sale of properties	34,028	24,574
Gain on sale of properties	1,596	
Net income	35,624	24,574
Net income attributable to noncontrolling interest in consolidated subsidiary	(9,957)	(894)
Net income attributable to CommonWealth REIT	25,667	23,680
Preferred distributions	(11,151)	(13,823)
Net income available for CommonWealth REIT common shareholders	$ 14,516	$ 9,857
Amounts attributable to CommonWealth REIT common shareholders:		
Income from continuing operations	$ 19,114	$ 12,946
Loss from discontinued operations	(1,912)	(3,089)
Loss on asset impairment from discontinued operations	(3,946)	
Gain on sale of properties from discontinued operations	1,260	
Net income	$ 14,516	$ 9,857

Weighted average common shares outstanding basic and diluted		94,154		83,722
Basic and diluted earnings per common share attributable to CommonWealth REIT common shareholders:				
Income from continuing operations	$	0.20	$	0.15
Loss from discontinued operations	$	(0.05)	$	(0.04)
Net income available for common shareholders	$	0.15	$	0.12

See accompanying notes.

Table of Contents

COMMONWEALTH REIT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(amounts in thousands)

(unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net income	$ 35,624	$ 24,574
Other comprehensive income (loss):		
Unrealized gain (loss) on derivative instruments	1,051	(37)
Foreign currency translation adjustments	973	4,528
Equity in unrealized loss of an investee	(16)	(1)
Total comprehensive income	37,632	29,064
Less: comprehensive income attributable to noncontrolling interest in consolidated subsidiary	(9,953)	(894)
Comprehensive income attributable to CommonWealth REIT	$ 27,679	$ 28,170

See accompanying notes.

Table of Contents

COMMONWEALTH REIT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	Three Months Ended March 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 35,624	$ 24,574
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	47,349	44,443
Net amortization of debt discounts, premiums and deferred financing fees	629	746
Straight line rental income	(10,962)	(8,092)
Amortization of acquired real estate leases	16,903	14,411
Other amortization	4,800	4,793
Loss on asset impairment	3,946	
Loss on early extinguishment of debt	60,027	67
Equity in earnings of investees	(4,262)	(2,958)
Gain on sale of equity investment	(66,293)	
Distributions of earnings from investees	4,111	2,913
Gain on sale of properties	(2,856)	
Change in assets and liabilities:		
Restricted cash	3,100	(782)
Rents receivable and other assets	(21,203)	(23,170)
Accounts payable and accrued expenses	(27,769)	(20,630)
Rent collected in advance	(1,948)	(3,781)
Security deposits	(42)	245
Due to related persons	1,678	2,372
Cash provided by operating activities	42,832	35,151
CASH FLOWS FROM INVESTING ACTIVITIES:		
Real estate acquisitions	(149,318)	(91,535)
Real estate improvements	(26,964)	(26,430)
Principal payments received from direct financing lease	1,711	1,632
Proceeds from sale of properties, net	2,163	
Proceeds from sale of equity investment, net	239,576	
Distributions in excess of earnings from investees	168	1,266
Increase in restricted cash	(1,197)	(8,544)
Cash provided by (used in) investing activities	66,139	(123,611)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common shares, net	626,991	180,954
Repurchase and retirement of outstanding debt securities	(728,021)	
Proceeds from borrowings	921,000	338,500
Payments on borrowings	(942,135)	(369,082)
Deferred financing fees	(1,193)	(5,767)
Distributions to common shareholders	(20,951)	(41,861)
Distributions to preferred shareholders	(11,151)	(13,643)

Distributions to noncontrolling interest in consolidated subsidiary	(7,259)	
Cash (used in) provided by financing activities	(162,719)	89,101
Effect of exchange rate changes on cash	221	183
(Decrease) increase in cash and cash equivalents	(53,527)	824
Cash and cash equivalents at beginning of period	102,219	192,763
Cash and cash equivalents at end of period	$ 48,692	$ 193,587

See accompanying notes.

Table of Contents

COMMONWEALTH REIT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(amounts in thousands)

(unaudited)

	Three Months Ended March 31,	
	2013	**2012**
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 71,368	$ 66,971
Taxes paid	507	34
NON-CASH INVESTING ACTIVITIES:		
Real estate acquisitions	$	$ (147,872)
Investment in real estate mortgage receivable	(7,688)	
NON-CASH FINANCING ACTIVITIES:		
Assumption of mortgage notes payable	$	$ 147,872

See accompanying notes.

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share data)

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of CommonWealth REIT and its subsidiaries, or the Company, CWH, we, us or our, have been prepared without audit. Certain information and footnote disclosures required by U.S. generally accepted accounting principles, or GAAP, for complete financial statements have been condensed or omitted. We believe the disclosures made are adequate to make the information presented not misleading. However, the accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2012, or our Annual Report. In the opinion of our management, all adjustments, which include only normal recurring adjustments considered necessary for a fair presentation, have been included. All material intercompany transactions and balances with or among our subsidiaries have been eliminated. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. Reclassifications have been made to the prior years financial statements to conform to the current year s presentation.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates in the condensed consolidated financial statements include the allowance for doubtful accounts, purchase price allocations, useful lives of fixed assets and impairment of real estate and intangible assets.

On March 12, 2012, our then wholly owned subsidiary, Select Income REIT, completed an initial public offering of 9,200,000 of its common shares, or the SIR IPO. We refer to Select Income REIT and its consolidated subsidiaries as SIR. SIR intends to be taxable as a real estate investment trust, or REIT, commencing with its taxable year ended December 31, 2012. As of March 31, 2013, SIR owned substantially all of our commercial and industrial properties located on Oahu, HI as well as 43 office and industrial properties located throughout the mainland United States. As of March 31, 2013, we owned 22,000,000 SIR common shares, or approximately 56.0% of SIR s outstanding common shares, and SIR remains one of our consolidated subsidiaries. See Note 14 for additional information regarding SIR.

Note 2. Recent Accounting Pronouncements

Effective January 2013, we adopted Financial Accounting Standards Board, or FASB, Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This update is the culmination of the FASB s deliberation on reporting reclassification adjustments from accumulated other comprehensive income, or AOCI. This standard does not change the current requirements for reporting net income or other comprehensive income. However, it requires disclosure of amounts reclassified out of AOCI in their entirety, by component, on the face of the statement of operations or in the notes thereto. Amounts that are not required to be reclassified in their entirety to net income must be cross referenced to other disclosures that provide additional detail. This standard was effective prospectively for interim and annual reporting periods beginning after December 15, 2012. The implementation of this update did not cause any material changes to the presentation of our condensed consolidated financial statements.

Note 3. Real Estate Properties

Completed Acquisitions:

During the three months ended March 31, 2013, we acquired five properties with a combined 779,010 square feet for an aggregate purchase price of $158,320, excluding closing costs. We allocated the purchase prices of these acquisitions based on the estimated fair value of the acquired assets and assumed liabilities. Details of these completed acquisitions are as follows:

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

Date	Location	Number of Properties	Square Feet	Purchase Price(1)	Land	Buildings and Improvements	Acquired Real Estate Leases	Acquired Real Estate Lease Obligations
SIR Acquisitions through March 31, 2013:								
January 2013	Addison, TX(2)(3)	2	553,799	$ 105,000	$ 10,125	$ 94,875	$	$
February 2013	Provo, UT(2)	2	125,225	34,720	3,400	25,938	5,382	
March 2013	San Antonio, TX(2)	1	99,986	18,600	3,197	12,175	3,507	(279)
		5	779,010	$ 158,320	$ 16,722	$ 132,988	$ 8,889	$ (279)

(1) Purchase price excludes closing costs.

(2) The allocation of purchase price is based on preliminary estimates and may change upon completion of (i) third party appraisals and (ii) our analysis of acquired in place leases and building valuations.

(3) This property was acquired and simultaneously leased back to the seller in a sale/leaseback transaction. SIR accounted for this transaction as an acquisition of assets. SIR recognized acquisition costs of $188, which SIR capitalized as part of the transaction.

In addition, during the three months ended March 31, 2013, we also made improvements totaling $18,130 to our properties.

Property Sales:

In January 2013, we sold 18 suburban office and industrial properties with a combined 1,060,026 square feet for $10,250, excluding closing costs. In connection with the sale of these properties, we provided mortgage financing to the buyer, an unrelated third party, totaling $7,688 at 6.0% per annum and recognized a gain on sale of $1,260. As a result of an eminent domain taking in March 2013, we sold a land parcel adjacent to one of our central business district, or CBD, office buildings located in Boston, MA for $1,806, excluding closing costs, and recognized a gain on sale of $1,596. In April 2013, we sold an industrial property with 618,000 square feet for a total of $830, excluding closing costs. In addition, as of May 8, 2013, we have five properties with a combined 1,222,642 square feet under agreement to sell for a total of $39,475, excluding closing costs. We expect to complete the sale of these five properties during 2013; however, no assurance can be given that these properties will be sold in that time period or at all.

As of March 31, 2013, we had 35 office properties and 41 industrial properties with a combined 5,613,825 square feet held for sale. As of December 31, 2012, we had 37 office properties and 57 industrial properties with a combined 6,673,851 square feet held for sale. We classify all properties that meet the criteria outlined in the Property, Plant and Equipment Topic of the *FASB Accounting Standards CodificationTM*, or the Codification, as held for sale in our condensed consolidated balance sheets. Results of operations for properties sold or held for sale are included in discontinued operations in our condensed consolidated statements of operations once the criteria for discontinued operations in the Presentation of Financial Statements Topic of the Codification are met. Summarized balance sheet information for all properties classified as held for sale and income statement information for properties held for sale or sold is as follows:

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

Balance Sheets:

	March 31, 2013	December 31, 2012
Real estate properties	$ 152,940	$ 164,041
Acquired real estate leases	453	453
Rents receivable	2,624	2,791
Other assets, net	3,484	4,547
Properties held for sale	$ 159,501	$ 171,832
Assumed real estate lease obligations	$ 21	$ 21
Rent collected in advance	598	854
Security deposits	1,375	1,464
Liabilities related to properties held for sale	$ 1,994	$ 2,339

Statements of Operations:

	Three Months Ended March 31, 2013	2012
Rental income	$ 4,807	$ 7,868
Operating expenses	(6,035)	(6,854)
Depreciation and amortization		(3,332)
General and administrative	(684)	(774)
Operating loss	(1,912)	(3,092)
Interest and other income		3
Loss from discontinued operations	$ (1,912)	$ (3,089)

Note 4. Investment in Direct Financing Lease

We have an investment in a direct financing lease that relates to a lease with a term that exceeds 75% of the useful life of an office tower located within a mixed use property in Phoenix, AZ. We recognize income using the effective interest method to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values at the date of lease inception represent our initial estimates of the fair value of the leased assets at the expiration of the lease, which do not exceed their original cost. Significant assumptions used in estimating residual values include estimated net cash flows over the remaining lease term and expected future real estate values. The carrying amount of our net investment is included in other assets in our condensed consolidated balance sheets. The following table summarizes the carrying amount of our net investment in this direct financing lease:

	March 31, 2013	December 31, 2012
Total minimum lease payments receivable	$ 29,060	$ 31,084
Estimated unguaranteed residual value of leased asset	4,951	4,951
Unearned income	(8,989)	(9,302)
Net investment in direct financing lease	$ 25,022	$ 26,733

We monitor the payment history and credit profile of the tenant and have determined that no allowance for losses related to our direct financing lease was necessary at March 31, 2013 and December 31, 2012. Our direct financing lease has an expiration date in 2045.

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

Note 5. Equity Investments

At March 31, 2013 and December 31, 2012, we had the following equity investments in Government Properties Income Trust, or GOV, and Affiliates Insurance Company, or AIC (including 100% attribution of SIR s 12.5% equity ownership interest in AIC):

	Ownership Percentage		Equity Investments		Equity in Earnings Three Months Ended March 31,	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012	2013	2012
GOV	%	18.2%	$	$ 173,452	$ 4,111	$ 2,913
AIC	25.0%	25.0%	11,394	11,259	151	45
			$ 11,394	$ 184,711	$ 4,262	$ 2,958

On March 15, 2013, we sold all 9,950,000 common shares that we owned of GOV in a public offering for $25.20 per common share, raising gross proceeds of $250,740 ($239,576 after deducting underwriters discounts and commissions and estimated expenses). We recognized a gain on this sale of an equity investment of $66,293 as a result of the per share sales price of this transaction being above our per share carrying value. GOV is a REIT which primarily owns properties that are majority leased to government tenants and was our wholly owned subsidiary until its initial public offering in June 2009 when it became a separate public entity.

During the three months ended March 31, 2013 and 2012, we received cash distributions from GOV totaling $4,279 and $4,179, respectively.

The following summarized financial data of GOV is as reported in GOV s Quarterly Report on Form 10-Q for the period ended March 31, 2013, or the GOV Quarterly Report. References in our financial statements to the GOV Quarterly Report are included as references to the source of the data only, and the information in the GOV Quarterly Report is not incorporated by reference into our financial statements.

Condensed Consolidated Balance Sheet:

	December 31, 2012
Real estate properties, net	$ 1,357,986

Acquired real estate leases, net		144,484
Cash and cash equivalents		5,255
Rents receivable, net		29,099
Other assets, net		25,310
Total assets	$	1,562,134
Unsecured revolving credit facility	$	49,500
Unsecured term loan		350,000
Mortgage notes payable		93,127
Assumed real estate lease obligations, net		19,129
Other liabilities		22,927
Shareholders equity		1,027,451
Total liabilities and shareholders equity	$	1,562,134

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

Condensed Consolidated Statements of Income:

	Three Months Ended March 31, 2013	2012
Rental income	$ 57,678	$ 49,997
Operating expenses	(20,068)	(17,977)
Depreciation and amortization	(13,696)	(11,910)
Acquisition related costs	(34)	(49)
General and administrative	(3,249)	(3,002)
Operating income	20,631	17,059
Interest and other income	11	8
Interest expense	(4,147)	(4,023)
Equity in earnings of an investee	76	45
Income before income tax expense	16,571	13,089
Income tax expense	(43)	(45)
Income from continuing operations	16,528	13,044
Discontinued operations:		
Income from discontinued operations	30	15
Net gain on sale of properties from discontinued operations	8,168	
Net income	$ 24,726	$ 13,059
Weighted average common shares outstanding	54,645	47,052
Per common share:		
Income from continuing operations	$ 0.30	$ 0.28
Income from discontinued operations	$ 0.15	$
Net income	$ 0.45	$ 0.28

As of March 31, 2013, we and SIR have invested a total of $10,544 in AIC, an insurance company owned in equal proportion by Reit Management & Research LLC, our business and property manager, or RMR, us (excluding SIR s AIC interest), SIR and five other companies to which RMR provides management services, including GOV. We and SIR may invest additional amounts in AIC in the future if the expansion of this insurance business requires additional capital, but we and SIR are not obligated to do so. At March 31, 2013, we (without SIR) and SIR each owned 12.5% of AIC with a combined carrying value of $11,394. We and SIR use the equity method to account for this investment because we and SIR believe that we each have significant influence over AIC because all of our Trustees and all of SIR s trustees are also directors of AIC. Under the equity method, we record our and SIR s percentage share of net earnings from AIC in our condensed consolidated statements of operations. If we determine there is an other than temporary decline in the fair value of this investment, we would record a charge to earnings. In evaluating the fair value of this investment, we have considered, among other things, the assets and liabilities held by AIC, AIC s overall financial condition and the financial condition and prospects for AIC s insurance business. See Note 14 for additional information about our and SIR s investment in AIC.

Note 6. Real Estate Mortgages Receivable

We provided mortgage financing totaling $7,688 at 6.0% per annum in connection with 18 office and industrial properties sold in January 2013. This real estate mortgage requires monthly interest payments and matures on January 24, 2023. As of March 31, 2013 and December 31, 2012, we had real estate mortgages receivable with an aggregate carrying value of $9,107 and $1,419, respectively, included in other assets in our condensed consolidated balance sheets.

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

Note 7. Shareholders Equity

The following is a reconciliation of changes in shareholders equity for the three months ended March 31, 2013:

	Shareholders Equity Attributable to CommonWealth REIT	Shareholders Equity Attributable to Noncontrolling Interest	Total Shareholders Equity
Balance at December 31, 2012	$ 3,105,428	$ 396,040	$ 3,501,468
Net income	25,667	9,957	35,624
Other comprehensive income (loss):			
Unrealized gain on derivative instruments	1,051		1,051
Foreign currency translation adjustments	973		973
Equity in unrealized loss of an investee	(12)	(4)	(16)
Total comprehensive income	27,679	9,953	37,632
Issuance of common shares, net	627,027	(36)	626,991
Distributions	(32,102)	(7,259)	(39,361)
Balance at March 31, 2013	$ 3,728,032	$ 398,698	$ 4,126,730

In the remainder of this Note 7, references to we, us, our or CWH refer to CWH and its consolidated subsidiaries other than SIR and its consolidated subsidiaries, unless noted otherwise.

CWH Common Share Issuance:

In March 2013, we issued 34,500,000 common shares (including 4,500,000 common shares sold pursuant to the underwriters option to purchase additional shares) in a public offering for $19.00 per common share, raising gross proceeds of $655,500 ($627,074 after deducting underwriters discounts and commissions and estimated expenses). Net proceeds from this offering were used to repay indebtedness, including amounts borrowed under our revolving credit facility to fund, in part, the purchase of the senior notes that were tendered in the tender offer discussed in Note 9.

CWH Common and Preferred Share Distributions:

On February 15, 2013, we paid a quarterly distribution on our series D preferred shares of $0.4063 per share, or $6,167, and a quarterly distribution on our series E preferred shares of $0.4531 per share, or $4,984, both of which were paid to shareholders of record as of February 1, 2013.

On February 21, 2013, we paid a quarterly distribution on our common shares of $0.25 per share, or $20,951, to shareholders of record on January 22, 2013.

In April 2013, we declared a distribution of $0.25 per common share, or approximately $29,600, to be paid on or about May 22, 2013 to shareholders of record on April 23, 2013. We also announced in April 2013 a quarterly distribution on our series D preferred shares of $0.4063 per share, or $6,167, and a quarterly distribution on our series E preferred shares of $0.4531 per share, or $4,984, both of which we expect to pay on or about May 15, 2013 to our preferred shareholders of record as of May 1, 2013. Our revolving credit facility agreement and term loan agreement contain a number of financial and other covenants, including a covenant which restricts our ability to make distributions under certain circumstances.

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

SIR Common Share Distributions:

On February 19, 2013, SIR paid a quarterly distribution on its common shares of $0.42 per share, or $16,499, to SIR s shareholders of record on January 22, 2013.

In April 2013, SIR declared a distribution on its common shares of $0.44 per share, or approximately $17,300, to be paid on or about May 20, 2013 to SIR s shareholders of record on April 23, 2013. SIR s revolving credit facility agreement and term loan agreement contain a number of financial and other covenants, including a covenant which restricts SIR s ability to make distributions under certain circumstances.

Note 8. Cumulative Other Comprehensive Income

The following table presents a roll forward of amounts recognized in cumulative other comprehensive income (loss) by component for the three months ended March 31, 2013:

	Unrealized Gain (Loss) on Derivative Instruments	Foreign Currency Translation Adjustments	Equity in Unrealized Gain (Loss) of an Investee	Total
Balance as of December 31, 2012	$ (16,624)	$ 17,071	$ 118	$ 565
Other comprehensive (loss) income before reclassifications	(185)	973	1	789
Amounts reclassified from cumulative other comprehensive income (loss) to net income	1,236		(13)	1,223
Net current period other comprehensive income (loss)	1,051	973	(12)	2,012
Balance as of March 31, 2013	$ (15,573)	$ 18,044	$ 106	$ 2,577

The following table presents reclassifications out of cumulative other comprehensive income (loss) for the three months ended March 31, 2013:

Details about Cumulative Other Comprehensive Income (Loss) Components	Amounts Reclassifed from Cumulative Other Comprehensive Income (Loss) to Net Income		Affected Line Items in the Statement of Operations
Interest rate swap contracts	$	1,236	Interest expense
Unrealized gains and losses on available for sale securities		(13)	Equity in earnings of investees
	$	1,223	

Note 9. Indebtedness

In this Note 9, references to we, us, our or CWH refer to CWH and its consolidated subsidiaries other than SIR and its consolidated subsidiaries, unless noted otherwise.

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

CWH Prepayments:

In March 2013, we purchased a total of $670,295 of the outstanding principal amount of the following senior notes for $726,151, excluding transaction costs, pursuant to a tender offer:

Senior Note		**Principal**		**Purchase Price**
5.75% Senior Notes due February 15, 2014	$	145,612	$	148,746
6.40% Senior Notes due February 15, 2015		152,560		164,140
5.75% Senior Notes due November 1, 2015		111,227		121,047
6.25% Senior Notes due August 15, 2016		260,896		292,218
	$	670,295	$	726,151

In connection with the purchase of these senior notes, we recognized a combined loss on early extinguishment of debt totaling $60,027, which includes the write off of unamortized discounts and deferred financing fees and estimated expenses.

CWH Unsecured Revolving Credit Facility and Unsecured Term Loan:

We have a $750,000 unsecured revolving credit facility that is available for general business purposes, including acquisitions. The maturity date of our revolving credit facility is October 19, 2015 and, subject to the payment of an extension fee and meeting certain other conditions, includes an option for us to extend the stated maturity date of our revolving credit facility by one year to October 19, 2016. In addition, our revolving credit facility includes a feature under which maximum borrowings may be increased to up to $1,500,000 in certain circumstances. Borrowings under our revolving credit facility bear interest at LIBOR plus a premium, which was 150 basis points as of March 31, 2013. We also pay a facility fee of 35 basis points per annum on the total amount of lending commitments under our revolving credit facility. Both the interest rate premium and the facility fee are subject to adjustment based upon changes to our credit ratings. As of March 31, 2013, the interest rate payable on borrowings under our revolving credit facility was 1.7%, and the weighted average interest rate for borrowings under our revolving credit facility was 1.7% and 1.5% for the three months ended March 31, 2013 and 2012, respectively. As of March 31, 2013, we had $135,000 outstanding and $615,000 available under our revolving credit facility.

We also have a $500,000 unsecured term loan that matures in December 2016 and is prepayable without penalty at any time. Our term loan includes a feature under which maximum borrowings may be increased to up to $1,000,000 in certain circumstances. Our term loan bears interest at a rate of LIBOR plus a premium, which was 185 basis points as of March 31, 2013. The interest rate premium is subject to adjustment based upon changes to our credit ratings. As of March 31, 2013, the interest rate for the amount outstanding under our term loan was 2.1%, and the weighted average interest rate for the amount outstanding under our term loan was 2.1% and 1.8% for the three months ended March 31, 2013 and 2012, respectively.

Our revolving credit facility agreement and our term loan agreement provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default, including a change of control of us and the termination of our business management or property management agreements with RMR.

SIR Unsecured Revolving Credit Facility and Unsecured Term Loan:

SIR has a $750,000 revolving credit facility that is available to SIR for general business purposes, including acquisitions. The maturity date of the SIR revolving credit facility is March 11, 2016 and, subject to the payment by SIR of an extension fee and SIR meeting certain other conditions, includes an option for SIR to extend the stated maturity date of the SIR revolving credit facility by one year to March 11, 2017. In February 2013, SIR increased the available borrowing amount under the SIR revolving credit facility from $500,000 to $750,000. Borrowings under the SIR revolving credit facility bear interest at LIBOR plus a premium, which was 130 basis points as of March 31, 2013. SIR also pays a facility fee of 30 basis points per annum on the total amount of lending commitments under the SIR revolving credit facility. Both the interest rate premium and the facility fee are subject to adjustment based upon changes to SIR s leverage or credit ratings. As of March 31, 2013, the interest rate payable on borrowings under the SIR revolving credit facility was 1.5%, and the weighted average interest rate for borrowings under the SIR revolving credit facility was 1.5% for the three months ended March 31, 2013 and 1.5% for the period from March 12, 2012 to March 31, 2012. As of March 31, 2013, SIR had $238,000 outstanding and $512,000 available under the SIR revolving credit facility.

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

SIR also has a $350,000 unsecured term loan. The SIR term loan matures on July 11, 2017 and is prepayable without penalty at any time. In addition, the SIR term loan includes a feature under which maximum borrowings may be increased to up to $700,000 in certain circumstances. The SIR term loan bears interest at a rate of LIBOR plus a premium, which was 155 basis points as of March 31, 2013. The interest rate premium is subject to adjustment based upon changes to SIR s leverage or credit ratings. As of March 31, 2013, the interest rate for the amount outstanding under the SIR term loan was 1.8%, and the weighted average interest rate for the amount outstanding under the SIR term loan was 1.8% for the three months ended March 31, 2013.

The SIR revolving credit facility agreement and the SIR term loan agreement provide for acceleration of payment of all amounts due thereunder upon the occurrence and continuation of certain events of default, including a change of control of SIR and the termination of SIR s business management or property management agreements with RMR.

Credit Facility and Term Loan Debt Covenants:

Our public debt indentures and related supplements, our revolving credit facility agreement and our term loan agreement contain a number of financial and other covenants, including covenants that restrict our ability to incur indebtedness or to make distributions under certain circumstances and require us to maintain financial ratios and a minimum net worth. The SIR revolving credit facility agreement and the SIR term loan agreement also contain a number of financial and other covenants, including covenants that restrict SIR s ability to incur indebtedness or to make distributions under certain circumstances and require SIR to maintain financial ratios and a minimum net worth. At March 31, 2013, we believe we and SIR, as applicable, were in compliance with all of our respective covenants under our public debt indentures, our revolving credit facility, our term loan, SIR s revolving credit facility and SIR s term loan agreements.

Mortgage Debt:

At March 31, 2013, 25 of our and SIR s properties costing $1,329,835 with an aggregate net book value of $1,188,911 were secured by mortgage notes totaling $980,985 (including net premiums and discounts) maturing from 2014 through 2026.

Note 10. Income Taxes

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and are generally not subject to federal and state income taxes provided we distribute a sufficient amount of our taxable income to our shareholders and meet other requirements for qualifying as a REIT. However, we are subject to certain state, local and Australian taxes without regard to our REIT status. Our provision for income taxes for the three months ended March 31, 2013 and 2012 consists of the following:

	Three Months Ended March 31, 2013	2012
Current:		
State	$ 163	$ 142
Foreign	863	
	1,026	142
Deferred:		
Foreign	(38)	350
	(38)	350
Income tax provision	$ 988	$ 492

At March 31, 2013 and December 31, 2012, we had deferred tax assets of $2,266 and $2,329, respectively, of which $2,136 and $2,181, respectively, related to different carrying amounts for financial reporting and for Australian income tax purposes of our

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

properties in Australia. At March 31, 2013 and December 31, 2012, we had deferred tax liabilities of $3,547 and $3,643, respectively. Because we are uncertain of our ability to realize the future benefit of certain Australian loss carry forwards, we have reduced our net deferred income tax assets by a valuation allowance of $600 and $598 as of March 31, 2013 and December 31, 2012, respectively.

Note 11. Fair Value of Assets and Liabilities

The table below presents certain of our assets and liabilities measured at fair value during 2013, categorized by the level of inputs used in the valuation of each asset and liability:

		Fair Value at Reporting Date Using		
Description	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Recurring Fair Value Measurements:				
Effective portion of interest rate contracts(1)	$ (15,573)	$	$ (15,573)	$
Non-Recurring Fair Value Measurements:				
Properties held for sale(2)	$ 25,750	$	$	$ 25,750

(1) The fair value of our interest rate swap contracts is determined using the net discounted cash flows of the expected cash flows of each derivative based on the market based interest rate curve (level 2 inputs) and adjusted for our credit spread and the actual and estimated credit spreads of the counterparties (level 3 inputs). Although we have determined that the majority of the inputs used to value our derivatives fall within level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and the counterparties. As of March 31, 2013, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified as level 2 inputs in the fair value hierarchy.

(2) As of March 31, 2013, we recorded a loss on asset impairment of $3,675 for six properties in our Suburban Office segment and $271 for one property in our Industrial & Other segment to reduce the aggregate carrying value of these properties from $29,696 to their estimated fair value less costs to sell of $25,750. All seven properties were classified as held for sale as of March 31, 2013 and December 31, 2012. We used updated broker information, including recent purchase offers, for all seven properties (level 3 inputs) in determining the fair value of these properties. The valuation techniques and significant unobservable inputs used for our level 3 fair value measurements at March 31, 2013 were as follows:

Description	Fair Value at March 31, 2013		Valuation Techniques	Unobservable Inputs	Range
Properties held for sale for which we recognized impairment losses	$	25,750	Purchase Offers	N/A	N/A

We are exposed to certain risks relating to our ongoing business operations, including the effect of changes in foreign currency exchange rates and interest rates. The only risk currently managed by using our derivative instruments is a part of our interest rate risk. Although we have not done so as of March 31, 2013 and have no present intention to do so, we may manage our Australian currency exchange exposure by borrowing in Australian dollars or using derivative instruments in the future, depending on the relative significance of our business activities in Australia at that time. We have interest rate swap agreements to manage our

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

interest rate risk exposure on $174,476 of mortgage debt due 2019, which require interest at a premium over LIBOR. The interest rate swap agreements utilized by us qualify as cash flow hedges and effectively modify our exposure to interest rate risk by converting our floating interest rate debt to a fixed interest rate basis for this loan through December 1, 2016, thus reducing the impact of interest rate changes on future interest expense. These agreements involve the receipt of floating interest rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amount. The fair value of our derivative instruments increased by $1,051 and decreased by $37 during the three months ended March 31, 2013 and 2012, respectively, based primarily on changes in market interest rates. As of March 31, 2013 and December 31, 2012, the fair value of these derivative instruments included in accounts payable and accrued expenses and cumulative other comprehensive income in our condensed consolidated balance sheets totaled ($15,573) and ($16,624), respectively. We may enter additional interest rate swaps or hedge agreements to manage some of our additional interest rate risk associated with our floating rate borrowings. The table below presents the effects of our interest rate derivatives in our condensed consolidated statements of operations and condensed consolidated statements of comprehensive income for the three months ended March 31, 2013 and 2012:

	Three Months Ended March 31,			
		2013		2012
Balance at beginning of period	$	(16,624)	$	(15,796)
Amount of loss recognized in cumulative other comprehensive income		(185)		(1,249)
Amount of loss reclassified from cumulative other comprehensive income into interest expense		1,236		1,212
Unrealized gain (loss) on derivative instruments		1,051		(37)
Balance at end of period	$	(15,573)	$	(15,833)

Over the next 12 months, we estimate that approximately $4,869 will be reclassified from cumulative other comprehensive income as an increase to interest expense.

In addition to the assets and liabilities described in the above table, our financial instruments include our cash and cash equivalents, rents receivable, investment in direct financing lease receivable, real estate mortgages receivable, restricted cash, revolving credit facilities, senior notes and mortgage notes payable, accounts payable and accrued expenses, rent collected in advance, security deposits and amounts due to related persons. At March 31, 2013 and December 31, 2012, the fair values of these additional financial instruments were not materially different from their carrying values, except as follows:

	March 31, 2013				December 31, 2012			
		Carrying Amount		Fair Value		Carrying Amount		Fair Value
Senior notes and mortgage notes payable	$	2,260,738	$	2,453,766	$	2,932,951	$	3,181,522

The fair values of our senior notes and mortgage notes payable are based on estimates using discounted cash flow analyses and currently prevailing interest rates adjusted by credit risk spreads (level 3 inputs).

Other financial instruments that potentially subject us to concentrations of credit risk consist principally of rents receivable; however, as of March 31, 2013, no single tenant of ours is responsible for more than 2% of our total annualized rents.

We maintain derivative financial instruments, including interest rate swaps, with major financial institutions and monitor the amount of credit exposure to any one counterparty.

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

Note 12. Earnings Per Common Share

As of March 31, 2013, we had 15,180,000 shares of series D cumulative convertible preferred stock that were convertible into 7,298,165 of our common shares. The effect of our convertible preferred shares on income from continuing operations attributable to CommonWealth REIT common shareholders per share is anti-dilutive for all periods presented.

Note 13. Segment Information

Our primary business is the ownership and operation of a nationwide portfolio of commercial properties. We account for each of our individual properties as separate operating segments. We have aggregated our separate operating segments into three reportable segments based on our primary method of internal reporting: CBD office properties, suburban office properties and industrial & other properties. Each of our reportable segments includes properties with similar operating and economic characteristics that are subject to unique supply and demand conditions. Our operating segments (i.e., our individual properties) are managed and operated consistently in accordance with our standard operating procedures, and our management responsibilities do not vary significantly from location to location based on the size of the property or geographic location within each primary reporting segment. In addition to our three reportable segments, we aggregate our operating segments into geographic regions for financial reporting purposes. We define these individual geographic regions as those which currently, or during either of the last two quarters, represent or generate 5% or more of our total square feet, annualized rental income or property net operating income, or NOI, which we define as income from our real estate including lease termination fees received from tenants less our property operating expenses, which expenses include property marketing costs.

As of March 31, 2013, we owned 54 CBD office properties, 246 suburban office properties and 145 industrial & other properties, excluding properties classified as held for sale. Our geographic regions include Oahu, HI, Metro Chicago, IL, Metro Philadelphia, PA, and Other Markets, which includes properties located elsewhere throughout the United States and Australia. Prior periods have been restated to reflect 40 office properties and 57 industrial properties reclassified to discontinued operations from continuing operations as of December 31, 2012 and three properties reclassified from our Suburban Office segment to our CBD Office segment as of March 31, 2013.

Property level information by geographic region and property type as of March 31, 2013 and for the three months ended March 31, 2013 and 2012, is as follows:

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

	As of March 31, 2013				As of March 31, 2012			
	CBD Office	Suburban Office	Industrial & Other	Totals	CBD Office	Suburban Office	Industrial & Other	Totals
Property square feet (in thousands):								
Oahu, HI			17,894	17,894			17,876	17,876
Metro Chicago, IL	3,601	1,164	103	4,868	3,591	1,164	104	4,859
Metro Philadelphia, PA	4,597	255		4,852	4,590	256		4,846
Other Markets	13,850	18,926	12,300	45,076	12,136	16,702	10,733	39,571
Totals	22,048	20,345	30,297	72,690	20,317	18,122	28,713	67,152

	Three Months Ended March 31, 2013				Three Months Ended March 31, 2012			
	CBD Office	Suburban Office	Industrial & Other	Totals	CBD Office	Suburban Office	Industrial & Other	Totals
Property rental income:								
Oahu, HI	$	$	$ 21,211	$ 21,211	$	$	$ 19,895	$ 19,895
Metro Chicago, IL	25,149	6,591	111	31,851	24,575	5,863	111	30,549
Metro Philadelphia, PA	29,131	875		30,006	29,300	844		30,144
Other Markets	88,471	79,667	23,842	191,980	74,264	68,436	20,090	162,790
Totals	$ 142,751	$ 87,133	$ 45,164	$ 275,048	$ 128,139	$ 75,143	$ 40,096	$ 243,378
Property NOI:								
Oahu, HI	$	$	$ 16,737	$ 16,737	$	$	$ 15,514	$ 15,514
Metro Chicago, IL	12,269	3,670	102	16,041	12,378	2,963	104	15,445
Metro Philadelphia, PA	15,796	205		16,001	15,584	203		15,787
Other Markets	50,628	48,029	17,953	116,610	44,013	40,973	14,410	99,396
Totals	$ 78,693	$ 51,904	$ 34,792	$ 165,389	$ 71,975	$ 44,139	$ 30,028	$ 146,142

Table of Contents

COMMONWEALTH REIT

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(dollars in thousands, except per share data)

The following table includes the reconciliation of NOI to net income, the most directly comparable financial measure under GAAP reported in our condensed consolidated financial statements. We define NOI as income from our real estate including lease termination fees received from tenants less our property operating expenses, which expenses include property marketing costs. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions. We consider NOI to be an appropriate supplemental measure to net income because it may help both investors and management to understand the operations of our properties. We use NOI internally to evaluate individual, regional and company wide property level performance, and we believe that NOI provides useful information to investors regarding our results of operations because it reflects only those income and expense items that are incurred at the property level and may facilitate comparisons of our operating performance between periods. The calculation of NOI excludes certain components of net income in order to provide results that are more closely related to our properties   results of operations. NOI does not represent cash generated by operating activities in accordance with GAAP and should not be considered as an alternative to net income, net income attributable to CommonWealth REIT, net income available for CommonWealth REIT common shareholders, operating income or cash flow from operating activities, determined in accordance with GAAP, or as an indicator of our financial performance or liquidity, nor is this measure necessarily indicative of sufficient cash flow to fund all of our needs. We believe that NOI may facilitate an understanding of our consolidated historical operating results. This measure should be considered in conjunction with net income, net income attributable to CommonWealth REIT, net income available for CommonWealth REIT common shareholders, operating income and cash flow from operating activities as presented in our condensed consolidated statements of operations, condensed consolidated statements of comprehensive income and condensed consolidated statements of cash flows. Other REITs and real estate companies may calculate NOI differently than we do. A reconciliation of NOI to net income for the three months ended March 31, 2013 and 2012 is as follows:

	Three Months Ended March 31,	
	2013	**2012**
Rental income	$ 275,048	$ 243,378
Operating expenses	(109,659)	(97,236)
Property net operating income (NOI)	$ 165,389	$ 146,142
Property NOI	$ 165,389	$ 146,142
Depreciation and amortization	(66,523)	(58,019)
General and administrative	(17,266)	(11,536)
Acquisition related costs	(628)	(2,502)
Operating income	80,972	74,085
Interest and other income	458	285
Interest expense	(52,344)	(49,106)
Loss on early extinguishment of debt	(60,027)	(67)
Equity in earnings of investees	4,262	2,958
Gain on sale of equity investment	66,293	
Income from continuing operations before income tax expense	39,614	28,155
Income tax expense	(988)	(492)
Income from continuing operations	38,626	27,663
Loss from discontinued operations	(1,912)	