UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from to

Commission file number 001-32593

Global Partners LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	74-3140887 (I.R.S. Employer Identification No.)

P.O. Box 9161
800 South Street
Waltham, Massachusetts 02454-9161
(Address of principal executive offices, including zip code)

(781) 894-8800
(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 No

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes No

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.

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

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

The issuer had 33,995,563 common units outstanding as of August 4, 2015.

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Item 1.Financial Statements

GLOBAL PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(In thousands, except unit data)

(Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 11,187	$ 5,238
Accounts receivable, net	375,573	457,730
Accounts receivable—affiliates	5,275	3,903
Inventories	429,039	336,813
Brokerage margin deposits	18,990	17,198
Derivative assets	47,153	83,826
Prepaid expenses and other current assets	80,716	56,515
Total current assets	967,933	961,223
Property and equipment, net	1,240,539	825,051
Intangible assets, net	79,883	48,902
Goodwill	443,414	154,078
Other assets	49,941	50,723
Total assets	$ 2,781,710	$ 2,039,977
Liabilities and partners' equity		
Current liabilities:		
Accounts payable	$ 332,412	$ 456,619
Working capital revolving credit facility—current portion	118,200	—
Line of credit	—	700
Environmental liabilities—current portion	3,067	3,101
Trustee taxes payable	94,057	105,744
Accrued expenses and other current liabilities	60,709	82,820
Derivative liabilities	46,066	58,507
Total current liabilities	654,511	707,491
Working capital revolving credit facility—less current portion	150,000	100,000
Revolving credit facility	268,000	133,800
Senior notes	663,673	368,136
Environmental liabilities—less current portion	71,938	34,462
Financing obligation	89,613	—

Other long-term liabilities	146,399	59,932
Total liabilities	2,044,134	1,403,821
Partners' equity		
Global Partners LP equity:		
Common unitholders 33,995,563 units issued and 33,542,344 outstanding at June 30, 2015 and 30,995,563 units issued and 30,604,961 outstanding at December 31, 2014)	699,935	599,406
General partner interest (0.67% and 0.74% interest with 230,303 equivalent units outstanding at June 30, 2015 and December 31, 2014, respectively)	1,709	788
Accumulated other comprehensive loss	(11,952)	(13,252)
Total Global Partners LP equity	689,692	586,942
Noncontrolling interest	47,884	49,214
Total partners' equity	737,576	636,156
Total liabilities and partners' equity	$ 2,781,710	$ 2,039,977

The accompanying notes are an integral part of these consolidated financial statements.

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per unit data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Sales	$ 2,680,088	$ 4,569,620	$ 5,659,204	$ 9,686,548
Cost of sales	2,535,900	4,481,935	5,346,458	9,439,839
Gross profit	144,188	87,685	312,746	246,709
Costs and operating expenses:				
Selling, general and administrative expenses	45,391	31,673	94,177	68,971
Operating expenses	72,168	51,029	140,824	98,981
Amortization expense	3,070	4,524	8,411	9,052
Loss on asset sales	213	397	650	1,060
Total costs and operating expenses	120,842	87,623	244,062	178,064
Operating income	23,346	62	68,684	68,645
Interest expense	(16,451)	(12,246)	(30,414)	(23,353)
Income (loss) before income tax expense	6,895	(12,184)	38,270	45,292
Income tax benefit (expense)	719	(94)	(247)	(416)
Net income (loss)	7,614	(12,278)	38,023	44,876
Net income attributable to noncontrolling interest	(396)	(441)	(390)	(585)
Net income (loss) attributable to Global Partners LP	7,218	(12,719)	37,633	44,291
Less: General partner’s interest in net income (loss), including incentive distribution rights	2,671	1,033	4,850	2,541
Limited partners’ interest in net income (loss)	$ 4,547	$ (13,752)	$ 32,783	$ 41,750
Basic net income (loss) per limited partner unit	$ 0.15	$ (0.50)	$ 1.06	$ 1.53
Diluted net income (loss) per limited partner unit	$ 0.15	$ (0.50)	$ 1.06	$ 1.53
Basic weighted average limited partner units outstanding	31,037	27,244	30,819	27,252
Diluted weighted average limited partner units outstanding	31,214	27,244	30,978	27,313

The accompanying notes are an integral part of these consolidated financial statements.

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income (loss)	$ 7,614	$ (12,278)	$ 38,023	$ 44,876
Other comprehensive income:				
Change in fair value of cash flow hedges	1,295	212	1,478	871
Change in pension liability	(269)	343	(178)	(266)
Total other comprehensive income	1,026	555	1,300	605
Comprehensive income (loss)	8,640	(11,723)	39,323	45,481
Comprehensive income attributable to noncontrolling interest	(396)	(441)	(390)	(585)
Comprehensive income (loss) attributable to Global Partners LP	$ 8,244	$ (12,164)	$ 38,933	$ 44,896

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

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	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities		
Net income	$ 38,023	$ 44,876
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	55,240	41,175
Amortization of deferred financing fees	2,927	2,567
Amortization of leasehold interests	172	—
Amortization of senior notes discount	411	210
Bad debt expense	288	356
Unit based compensation expense	2,072	1,701
Write-off of financing fees	—	1,626
Loss on asset sales	650	1,060
Changes in operating assets and liabilities, excluding net assets acquired:		
Accounts receivable	90,971	140,340
Accounts receivable—affiliate	(1,372)	(535)
Inventories	(72,788)	82,285
Broker margin deposits	(1,792)	1,617
Prepaid expenses, all other current assets and other assets	3,749	(17,876)
Accounts payable	(145,863)	(267,283)
Trustee taxes payable	(17,225)	14,942
Change in derivatives	24,232	15,094
Financing obligation	89,613	—
Accrued expenses, all other current liabilities and other long term liabilities	(126,540)	(12,521)
Net cash (used in) provided by operating activities	(57,232)	49,634
Cash flows from investing activities		
Acquisitions	(561,757)	—
Capital expenditures	(33,163)	(44,260)
Proceeds from sale of property and equipment	1,251	3,405
Net cash used in investing activities	(593,669)	(40,855)
Cash flows from financing activities		
Proceeds from issuance of common units, net	109,305	—

Borrowings from (payments on) working capital revolving credit facility	168,200	(20,000)
Borrowings from (payments on) revolving credit facility	134,200	(162,100)
Proceeds from senior notes, net of discount	295,125	258,903
Payments on line of credit	(700)	—
Repayment of senior notes	—	(40,244)
Repurchase of common units	(2,442)	(1,824)
Noncontrolling interest capital contribution	1,880	4,200
Distribution to noncontrolling interest	(3,600)	(4,200)
Distributions to partners	(45,118)	(35,987)
Net cash provided by (used in) financing activities	656,850	(1,252)
Cash and cash equivalents		
Increase in cash and cash equivalents	5,949	7,527
Cash and cash equivalents at beginning of period	5,238	9,217
Cash and cash equivalents at end of period	$ 11,187	$ 16,744
Supplemental information		
Cash paid during the period for interest	$ 25,117	$ 22,130
Non-cash exchange of 6.25% senior notes due 2022	$ —	$ 110,000

The accompanying notes are an integral part of these consolidated financial statements.

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY

(In thousands)

(Unaudited)

	Common Unitholders	General Partner Interest	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Partners' Equity
Balance at December 31, 2014	$ 599,406	$ 788	$ (13,252)	$ 49,214	$ 636,156
Issuance of common units	109,305	—	—	—	109,305
Net income	32,783	4,850	—	390	38,023
Noncontrolling interest capital contribution	—	—	—	1,880	1,880
Distribution to noncontrolling interest	—	—	—	(3,600)	(3,600)
Other comprehensive income	—	—	1,300	—	1,300
Unit-based compensation	2,072	—	—	—	2,072
Distributions to partners	(41,688)	(3,929)	—	—	(45,617)
Repurchase of common units	(2,442)	—	—	—	(2,442)
Dividends on repurchased units	499	—	—	—	499
Balance at June 30, 2015	$ 699,935	$ 1,709	$ (11,952)	$ 47,884	$ 737,576

The accompanying notes are an integral part of these consolidated financial statements.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Organization and Basis of Presentation

Organization

Global Partners LP (the "Partnership") is a midstream logistics and marketing master limited partnership formed in March 2005 engaged in the purchasing, selling and logistics of transporting petroleum and related products, including domestic and Canadian crude oil, gasoline and gasoline blendstocks (such as ethanol and naphtha), distillates (such as home heating oil, diesel and kerosene), residual oil, renewable fuels, natural gas and propane. The Partnership also receives revenue from convenience store sales and gasoline station rental income. The Partnership owns, controls or has access to one of the largest terminal networks of refined petroleum products and renewable fuels in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the "Northeast"). The Partnership owns transload and storage terminals in North Dakota and Oregon that extend its origin-to-destination capabilities from the mid-continent region of the United States and Canada to the East and West Coasts. The Partnership is one of the largest distributors of gasoline, distillates, residual oil and renewable fuels to wholesalers, retailers and commercial customers in the New England states and New York. As of June 30, 2015, the Partnership had a portfolio of 1,537 owned, leased and/or supplied gasoline stations, including 286 convenience stores, in the Northeast, Maryland and Virginia.

On January 7, 2015, the Partnership acquired, through one of its wholly owned subsidiaries, Global Montello Group Corp. ("GMG"), 100% of the equity interests in Warren Equities, Inc. ("Warren") from The Warren Alpert Foundation. On January 14, 2015, through the Partnership's wholly owned subsidiary, Global Companies LLC ("Global Companies"), the Partnership acquired the Revere terminal (the "Revere Terminal") located in Boston Harbor in Revere, Massachusetts from Global Petroleum Corp. ("GPC") and related entities. On June 1, 2015, the Partnership acquired retail gasoline stations and dealer supply contracts from Capitol Petroleum Group (defined below) ("Capitol"). See Note 2.

Global GP LLC, the Partnership's general partner (the "General Partner"), manages the Partnership's operations and activities and employs its officers and substantially all of its personnel, except for most of its gasoline station and convenience store employees and certain union personnel who are employed by GMG or Drake Petroleum Company, Inc. ("Drake Petroleum"), both of which are wholly owned subsidiaries of the Partnership.

The General Partner, which holds a 0.67% general partner interest in the Partnership (reduced from 0.74% following the Partnership's public offering of common units discussed in Note 9), is owned by affiliates of the Slifka family. As of June 30, 2015, affiliates of the General Partner, including its directors and executive officers and their affiliates, owned 8,262,582 common units, representing a 24.3% limited partner interest.

Ownership by affiliates of the General Partner decreased by approximately 3,477,715 common units (from 37.9% at December 31, 2014 to 24.3% at June 30, 2015) primarily as a result of the liquidation and dissolution of AE Holdings Corp. ("AE Holdings"). Immediately prior to such liquidation and dissolution, the directors and executive officers of the General Partner were deemed to beneficially own the entire 5,850,000 common units that were then owned by AE Holdings. Upon the liquidation and dissolution of AE Holdings, the 5,850,000 common units were distributed to the stockholders of AE Holdings. An aggregate 1,956,234 common units were sold by the stockholders of AE Holdings to cover their respective tax liabilities resulting from their receipt of the common units. Approximately 2,306,960 common units of the original 5,850,000 common units are held by the directors and executive officers of the General Partner, and the remaining 1,586,806 common units are held by unaffiliated members of the Slifka family.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Basis of Presentation

The financial results of Capitol for the one month ended June 30, 2015 are included in the accompanying statements of operations for the three and six months ended June 30, 2015. The financial results of Warren and the Revere Terminal for the three and six months ended June 30, 2015 are included in the accompanying statements of operations for the three and six months ended June 30, 2015. The accompanying consolidated financial statements as of June 30, 2015 and December 31, 2014 and for the three and six months ended June 30, 2015 and 2014 reflect the accounts of the Partnership. Upon consolidation, all intercompany balances and transactions have been eliminated.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial condition and operating results for the interim periods. The interim financial information, which has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014 and notes thereto contained in the Partnership's Annual Report on Form 10-K. The significant accounting policies described in Note 2, "Summary of Significant Accounting Policies," of such Annual Report on Form 10-K are the same used in preparing the accompanying consolidated financial statements.

The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results of operations that will be realized for the entire year ending December 31, 2015. The consolidated balance sheet at December 31, 2014 has been derived from the audited consolidated financial statements included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2014.

Due to the nature of the Partnership's business and its reliance, in part, on consumer travel and spending patterns, the Partnership may experience more demand for gasoline and gasoline blendstocks during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which the Partnership operates, increasing the demand for gasoline and gasoline blendstocks that the Partnership distributes. Therefore, the Partnership's volumes in gasoline and gasoline blendstocks are typically higher in the second and third quarters of the calendar year. As demand for some of the Partnership's refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally greater during the winter months, heating oil and residual oil volumes are generally higher during the first and fourth quarters of the calendar year. These factors may result in fluctuations in the Partnership's quarterly operating results.

Reclassification

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year presentation.

Noncontrolling Interest

These financial statements reflect the application of ASC 810, “Consolidations” (“ASC 810”) which establishes accounting and reporting standards that require: (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within shareholder’s equity, but separate from the parent’s equity; (ii) the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and (iii) changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently.

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The Partnership acquired a 60% interest in Basin Transload, LLC ("Basin Transload") on February 1, 2013. After evaluating ASC 810, the Partnership concluded it is appropriate to consolidate the balance sheet and statement of operations of Basin Transload based on an evaluation of the outstanding voting interests. Amounts pertaining to the noncontrolling ownership interest held by third parties in the financial position and operating results of the Partnership are reported as a noncontrolling interest in the accompanying consolidated balance sheets and statements of operations.

Concentration of Risk

The following table presents the Partnership's sales, logistics revenue and rental income as a percentage of the consolidated sales for the periods presented:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2015		2014		2015		2014	
Gasoline sales: gasoline and gasoline blendstocks such as ethanol and naphtha	62	%	67	%	56	%	60	%
Crude oil sales and logistics revenue	13	%	14	%	11	%	13	%
Distillates (home heating oil, diesel and kerosene), residual oil, natural gas and propane sales	21	%	18	%	30	%	26	%
Convenience store sales, rental income and sundry sales	4	%	1	%	3	%	1	%
Total	100	%	100	%	100	%	100	%

None of the Partnership's customers accounted for greater than 10% of total sales for the three and six months ended June 30, 2015. The Partnership had one customer, ExxonMobil Corporation ("ExxonMobil") that accounted for approximately 17% and 16%, respectively, of total sales for the three and six months ended June 30, 2014, respectively.

Note 2. Business Combinations

Acquisition of Warren Equities, Inc.

On January 7, 2015, the Partnership acquired, through GMG, 100% of the equity interests in Warren, one of the largest independent marketers of petroleum products in the Northeast, from The Warren Alpert Foundation. The acquisition included 147 company-owned Xtra Mart convenience stores and related fuel operations, 53 commission agent locations and fuel supply rights for approximately 320 dealers. The acquired properties are located in the Northeast, Maryland and Virginia. The purchase price, inclusive of post-closing adjustments, was approximately $381.8 million, including working capital. The acquisition was funded with borrowings under the Partnership's credit facility and with proceeds from its December 2014 public offering of 3,565,000 common units.

The acquisition was accounted for using the purchase method of accounting in accordance with the Financial Accounting Standards Board's ("FASB") guidance regarding business combinations. The Partnership's financial statements include the results of operations of Warren subsequent to the acquisition date.

The purchase price allocation is considered preliminary, and additional adjustments may be recorded during the allocation period in accordance with the FASB's guidance regarding business combinations. The purchase price allocation will be finalized as the Partnership receives additional information relevant to the acquisition, including a final valuation of the assets purchased, including tangible and intangible assets, and liabilities assumed.

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(Unaudited)

The following table presents the preliminary allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Assets purchased:	
Accounts receivable	$ 9,101
Inventory	19,199
Prepaid expenses and other current assets	13,281
Property and equipment	253,097
Intangibles	36,560
Other non-current assets	16,605
Total identifiable assets purchased	347,843
Liabilities assumed:	
Accounts payable	(21,620)
Assumption of environmental liabilities	(36,088)
Taxes payable	(5,538)
Accrued expenses	(13,890)
Long-term deferred taxes	(74,154)
Other non-current liabilities	(9,739)
Total liabilities assumed	(161,029)
Net identifiable assets acquired	186,814
Goodwill	195,015
Net assets acquired	$ 381,829

During the quarter ended June 30, 2015, the Partnership recorded certain changes to the preliminary purchase accounting, specifically related to the values assigned to property and equipment, long-term deferred taxes and certain working capital assets and liabilities. The impact of these changes increased goodwill from $147.9 million at March 31, 2015 to $195.0 million at June 30, 2015.

The following represents the change in goodwill from the period ended March 31, 2015 to June 30, 2015 (in thousands):

Goodwill – March 31, 2015	$ 147,909

Decrease in fair value of property and equipment	78,194
Decrease in long-term deferred taxes	(31,701)
Increase in working capital assets and liabilities	613
Goodwill – June 30, 2015	$ 195,015

Management is currently in the process of evaluating the purchase price accounting. The Partnership engaged a third-party valuation firm to assist in the valuation of Warren's property and equipment, intangible assets consisting of supply contracts and favorable leasehold interests, and unfavorable leasehold interests. This valuation continues to be in progress and, at June 30, 2015, the estimated fair values of property and equipment of $253.1 million, intangibles assets of $36.6 million ($35.8 million of supply contracts and $0.8 million of favorable leasehold interests), and unfavorable leasehold interests of $2.5 million, which are included in other non-current liabilities, were developed by management based on their estimates, assumptions and acquisition history including preliminary reports from the third-party valuation firm. The estimated fair values of the property and equipment, intangible assets and unfavorable leasehold interests will be supported by the valuations performed by the third-party valuation firm.

The fair value of $36.1 million assigned to the assumption of environmental liabilities was developed by management based on their estimates, assumptions and acquisition history, including preliminary reports from third-party environmental engineers (see Note 12). The fair value of the environmental liabilities will be supported by the assessment performed by the third-party environmental engineers.

The long-term deferred tax liabilities of $74.2 million and short-term deferred tax assets of $2.1 million included in other current assets are primarily related to temporary differences associated with the fair value allocations of property and equipment and intangible assets, which are not deductible for tax purposes, net of acquired environmental liabilities and other deductible accrued liabilities.

The fair value of loan receivables purchased of $25.0 million was estimated by management based on the receivable's payment terms, assumptions of current interest rates and collectability and is included in other current assets and other non-current assets. The gross contractual amount for these loan receivables is $29.1 million, of which the Partnership estimates $2.4 million is not collectible.

The fair values of the remaining Warren assets and liabilities noted above approximate their carrying values at January 7, 2015. It is possible that once the Partnership receives the completed valuations on the property and equipment and intangible assets, the final purchase price accounting may be different than what is presented above.

The preliminary purchase price for the acquisition was allocated to assets acquired and liabilities assumed based on their estimated fair values. The Partnership then allocated the purchase price in excess of net tangible assets acquired to identifiable intangible assets, based upon on its estimates and assumptions. Any excess purchase price over the fair value of the net tangible and intangible assets acquired was allocated to goodwill.

The Partnership utilized accounting guidance related to intangible assets which lists the pertinent factors to be considered when estimating the useful life of an intangible asset. These factors include, in part, a review of the expected use by the Partnership of the assets acquired, the expected useful life of another asset (or group of assets) related to the acquired assets and legal, regulatory or other contractual provisions that may limit the useful life of an acquired asset. The Partnership amortizes these intangible assets over their estimated useful lives which is consistent with the estimated undiscounted future cash flows of these assets.

As part of the purchase price allocation, identifiable intangible assets include supply contracts and favorable leasehold interests that are being amortized over seven to ten years and five years, respectively. The weighted average life over which these acquired intangibles are being amortized is approximately ten and five years, respectively. The supply contracts are subject to renewals, and assumptions related to the renewals have been included in the determination of the value of the supply contracts at the date of acquisition. The Partnership determines the renewal assumptions used based on management's assumptions of future events, including customer demand, customer attrition rates, contract renewal length and market overall conditions. The supply contracts had a weighted average term of approximately five years prior to their next renewal. As the purchase price accounting is preliminary, the final assumptions related to the likelihood of renewals remains in process. Amortization expense related to the supply contracts amounted to \$1.1 million and \$1.9 million for the three and six months ended June 30, 2015, respectively.

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(Unaudited)

The estimated remaining amortization expense for the supply contracts acquired in connection with the acquisition for each of the five succeeding years and thereafter is as follows (in thousands):

2015 (7/1/2015-12/31/2015)	$ 1,873
2016	3,745
2017	3,745
2018	3,745
2019	3,745
Thereafter	17,075
Total	$ 33,928

Amortization related to the favorable leasehold interests was immaterial for the three and six months ended June 30, 2015. The estimated remaining amortization for favorable leasehold interests acquired in connection with the acquisition for each of the five succeeding years is as follows (in thousands):

2015 (7/1/2015-12/31/2015)	$ 76
2016	152
2017	152
2018	152
2019	152
Total	$ 684

The $195.0 million of goodwill was assigned to the Gasoline Distribution and Station Operations ("GDSO") reporting unit. The goodwill recognized is attributable primarily to expected synergies and growth opportunities for the Partnership. For federal income tax purposes, the acquisition of Warren was deemed to be a stock purchase and, therefore, any recorded goodwill is not expected to be tax deductible. In accordance with the stock purchase agreement between the Partnership and Warren, the Partnership is ultimately not responsible for federal income tax obligations for the interim period, June 1, 2014 to January 6, 2015 (Warren's fiscal year end was May 31). Any tax obligations will be funded by the selling shareholders. Any tax refund will be remitted to the selling shareholders.

In connection with the acquisition of Warren, the Partnership incurred acquisition costs totaling approximately $7.1 million, of which $1.0 million and $5.4 million were recorded for the three and six months ended June 30, 2015, respectively, and included in selling, general and administrative expenses in the accompanying consolidated statements of operations. The remaining acquisition costs were incurred in 2014. Additionally, in January 2015 and subsequent to the acquisition date, the Partnership recorded a restructuring charge of approximately $2.3 million, which is included in selling, general and administrative expenses in the accompanying consolidated statement of operations for the six months ended June 30, 2015. This charge, which is principally for redundant and/or eliminated positions as a result of the acquisition, was not part of the purchase price allocation. Approximately $0 and $0.5 million of the restructuring charge was paid during the three and six months ended June 30, 2015, respectively, and the remaining balance of $1.8 million is expected to be paid in full by December 31, 2015.

The acquisition of Warren complements the Partnership's existing retail presence in the Northeast and expands its footprint into the adjacent Mid-Atlantic region. The Warren operations have been integrated into the Partnership's GDSO reporting segment.

Acquisition of Revere Terminal

On January 14, 2015, through the Partnership's wholly owned subsidiary, Global Companies, the Partnership acquired the Revere Terminal located in Boston Harbor in Revere, Massachusetts from GPC, a privately held affiliate of

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

the Partnership, and related entities for a purchase price of $23.7 million. The acquisition includes contingent consideration which would be payable under specific circumstances involving a subsequent sale of the property, and the purchase price may be adjusted in connection with any value assigned to the contingent consideration as the purchase price accounting is finalized. The Partnership financed the transaction with available capacity under its revolving credit facility. In connection with the Revere Terminal transaction, the pre-existing terminal storage rental and throughput agreement between the Partnership and GPC has terminated.

The acquisition was accounted for using the purchase method of accounting in accordance with the FASB's guidance regarding business combinations. As the acquisition transitioned the Revere Terminal from a formerly leased facility to an owned facility, the transaction did not have a material impact on the Partnership's consolidated financial statements.

The purchase price allocation is considered preliminary, and additional adjustments may be recorded during the allocation period in accordance with the FASB's guidance regarding business combinations. The purchase price allocation will be finalized as the Partnership receives additional information relevant to the acquisition, including a final valuation of the assets acquired, including tangible assets, and liabilities assumed, including liability for contingent consideration.

The following table presents the preliminary allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Assets purchased:	
Property and equipment	$ 28,481
Total identifiable assets purchased	28,481
Liabilities assumed:	
Assumption of environmental liabilities	(3,074)
Other non-current liabilities	(1,757)
Total liabilities assumed	(4,831)
Net assets acquired	$ 23,650

During the quarter ended June 30, 2015, the Partnership recorded certain changes to the preliminary purchase accounting, primarily related to the values assigned to property and equipment and the assumption of environmental liabilities. The impact of these changes in the period did not change the net identifiable assets acquired.

Management is currently in the process of evaluating the purchase price accounting. The Partnership engaged a third-party valuation firm to assist in the valuation of the Revere Terminal's property and equipment. This valuation continues to be in progress and, during the quarter ended June 30, 2015, the Partnership received preliminary fair values of these assets which are shown in the table above. The estimated fair value of property and equipment of $28.5 million was developed by management based on their estimates, assumptions and acquisition history including preliminary reports from the third-party valuation firm. The estimated fair value of the property and equipment will be supported by valuations performed by the third-party valuation firm. It is possible that once the Partnership receives the completed valuations on the property and equipment, the final purchase price accounting may be different than what is presented above.

The fair value of $3.1 million assigned to the assumption of environmental liabilities was estimated by management based on their estimates, assumptions and acquisition history, including preliminary reports from third-party environmental engineers (see Note 12).

The Partnership is continuing its review of the estimated fair value of the assets acquired and liabilities assumed. Accordingly, the purchase price allocation, including any value attributable to contingent consideration, will be finalized

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as the Partnership receives additional information relevant to the acquisition and the assets acquired and liabilities assumed.

The fair values of the remaining Revere Terminal liabilities noted above approximate their carrying values at January 14, 2015.

Acquisition of Capitol Petroleum Group

On June 1, 2015, the Partnership acquired 97 primarily Mobil and Exxon branded owned or leased retail gasoline stations and seven dealer supply contracts in New York City and Prince George's County, Maryland, along with certain related supply and franchise agreements, and third-party leases and other assets associated with the operations from Liberty Petroleum Realty, LLC, East River Petroleum Realty, LLC, Big Apple Petroleum Realty, LLC, White Oak Petroleum, LLC, Anacostia Realty, LLC, Mount Vernon Petroleum Realty, LLC and DAG Realty, LLC (collectively, "Capitol Petroleum Group"). The purchase price was approximately $156.3 million. The acquisition was financed with borrowings under the Partnership's revolving credit facility.

The acquisition was accounted for using the purchase method of accounting in accordance with the FASB's guidance regarding business combinations. The Partnership's financial statements include the results of operations of Capitol subsequent to the acquisition date.

The purchase price allocation is considered preliminary, and additional adjustments may be recorded during the allocation period in accordance with the FASB's guidance regarding business combinations. The purchase price allocation will be finalized as the Partnership receives additional information relevant to the acquisition, including a final valuation of the assets purchased, including tangible and intangible assets, and liabilities assumed.

The following table presents the preliminary allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Assets purchased:	
Inventory	$ 238
Property and equipment	149,479
Intangibles	3,000
Other non-current assets	57
Total identifiable assets purchased	152,774
Liabilities assumed:	
Financing obligation	(89,613)
Assumption of environmental liabilities	(225)
Other non-current liabilities	(979)
Total liabilities assumed	(90,817)
Net identifiable assets acquired	61,957
Goodwill	94,321
Net assets acquired	$ 156,278

Management is currently in the process of evaluating the purchase price accounting. The Partnership engaged a third-party valuation firm to assist in the valuation of Capitol's property and equipment, intangible assets consisting of supply contracts and favorable leasehold interests, and unfavorable leasehold interests. This valuation continues to be in process and, during the quarter ended June 30, 2015, the Partnership received preliminary fair values of these assets. The estimated fair value of property and equipment of $149.5 million, including $59.9 million of owned property and equipment and $89.6 million of property and equipment for certain properties previously sold by Capitol within two sale-leaseback transactions that did not meet the criteria for sale accounting, and intangibles assets of $3.0 million

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($2.2 million of favorable leasehold interests and $0.8 million of supply contracts) were developed by management based on their estimates, assumptions and acquisition history including preliminary reports from the third-party valuation firm. The estimated fair value of unfavorable leasehold interests was immaterial. The estimated fair values of the property and equipment, intangible assets and unfavorable leasehold interests will be supported by the valuations performed by the third-party valuation firm. It is possible that once the Partnership receives the completed valuations on the property and equipment and intangible assets, the final purchase price accounting may be different than what is presented above.

The estimated fair value of property and equipment of $149.5 million includes $59.9 million of owned property and equipment and $89.6 million of certain properties previously sold by Capitol within two sale-leaseback transactions that did not meet the criteria for sale accounting. As a result of not meeting the criteria for sale accounting, the property and equipment sold and leased back by Capitol has not been derecognized and, in purchase accounting, the estimated fair value of property and equipment associated with these sites of $89.6 million has been recognized within property and equipment. Depreciation expense associated with these sale-leaseback properties amounted to $0.3 million for the three and six months ended June 30, 2015.

The financing obligation of $89.6 million recognized is attributable to the two sale-leaseback transactions discussed above that did not meet the criteria for sale accounting and, as a result, were accounted for as financing arrangements. These lease agreements mature on varying dates through 2029, and the fair value of $89.6 million assigned to the financing obligation was estimated by management based on the remaining payments attributable to the lease agreements over their terms and is equal to the estimated fair value of property and equipment associated with these sites. Over the course of the lease agreements, the lease rental payments will be classified as interest expense on the financing obligation and the pay-down of the financing obligation as opposed to operating expense. Interest expense associated with the financing obligation as for these sale-leaseback properties amounted to $0.8 million for the three and six months ended June 30, 2015. The financing obligation balance outstanding at June 30, 2015 was $89.6 million. The Partnership is in the process of completing its review over the valuation of the financing obligation recognized.

The fair value of $0.2 million assigned to the assumption of environmental liabilities was developed by management based on their estimates, assumptions and acquisition history (see Note 12).

The fair values of the remaining Capitol assets and liabilities noted above approximate their carrying values at June 1, 2015.

The preliminary purchase price for the acquisition was allocated to assets acquired and liabilities assumed based on their estimated fair values. The Partnership then allocated the purchase price in excess of net tangible assets acquired to identifiable intangible assets, based upon on their estimates and assumptions. Any excess purchase price over the fair value of the net tangible and intangible assets acquired was allocated to goodwill.

The Partnership utilized accounting guidance related to intangible assets which lists the pertinent factors to be considered when estimating the useful life of an intangible asset. These factors include, in part, a review of the expected use by the Partnership of the assets acquired, the expected useful life of another asset (or group of assets) related to the acquired assets and legal, regulatory or other contractual provisions that may limit the useful life of an acquired asset. The Partnership amortizes these intangible assets over their estimated useful lives which is consistent with the estimated undiscounted future cash flows of these assets.

As part of the purchase price allocation, identifiable intangible assets include supply contracts and favorable leasehold interests that are being amortized over seven and two years, respectively. The weighted average life over which these acquired intangibles are being amortized is approximately seven and two years, respectively. The supply contracts are subject to renewals, and assumptions related to the renewals have been included in the determination of the value of the supply contracts at the date of acquisition. The Partnership determines the renewal assumptions used based on management's assumptions of future events, including customer demand, customer attrition rates, contract renewal length and market overall conditions. The supply contracts had a weighted average term of approximately one year prior to their next renewal. As the purchase price accounting is preliminary, the final assumptions related to the likelihood of renewals remains in process. Amortization expense related to the supply contracts was immaterial for the three and six months ended June 30, 2015.

The estimated remaining amortization expense for the supply contracts acquired in connection with the acquisition for each of the five succeeding years and thereafter is as follows (in thousands):

2015 (7/1/15-12/31/15)	$ 57
2016	114
2017	114
2018	114
2019	114
Thereafter	277
Total	$ 790

Amortization of favorable leasehold interests was immaterial for the three and six months ended June 30, 2015. The estimated remaining amortization for favorable leasehold interests acquired in connection with the acquisition for each of the five succeeding years and thereafter is as follows (in thousands):

2015 (7/1/15-12/31/15)	$ 550
2016	1,100
2017	458
Total	$ 2,108

The $94.3 million of goodwill was assigned to the GDSO reporting unit. The goodwill recognized is attributable primarily to the expansion of the Partnership's presence in active markets in the East Coast in which the Partnership can leverage its existing operations and dealer relationships without significant incremental expense to grow the business. The transaction also positions the Partnership to expand through tuck-in acquisitions as well as new-to-industry sites. The goodwill is expected to be tax deductible. The operations of Capitol have been integrated into the Partnership's GDSO reporting segment.

In connection with the acquisition of Capitol, the Partnership incurred acquisition costs of approximately $3.1 million which was recorded for the three and six months ended June 30, 2015 and included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

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Goodwill

The following table presents the changes in goodwill (in thousands):

	Goodwill Allocated to		
	Wholesale Reporting Unit	GDSO Reporting Unit	Total
Balance at December 31, 2014	$ 121,752	$ 32,326	$ 154,078
Acquisition of Warren	—	195,015	195,015
Acquisition of Capitol	—	94,321	94,321
Balance at June 30, 2015	$ 121,752	$ 321,662	$ 443,414

Supplemental Pro Forma Information

Revenues and net income not included in the Partnership's consolidated operating results for Warren from January 1, 2015 through January 7, 2015, the acquisition date, were immaterial. Accordingly, the supplemental pro forma information for the six months ended June 30, 2015 is consistent with the amounts reported in the accompanying statement of operations for the six months ended June 30, 2015. As the acquisition transitioned the Revere Terminal from a formerly leased facility to an owned facility, the transaction did not have a material impact on the Partnership's consolidated financial statements.

The following unaudited pro forma information for 2015 presents the consolidated results of operations of the Partnership as if the acquisition of Capitol occurred at the beginning of the periods presented, with pro forma adjustments to give effect to certain adjustments. The following unaudited pro forma information for 2014 presents the consolidated results of operations of the Partnership as if the acquisitions of Warren and Capitol occurred at the beginning of the periods presented, with pro forma adjustments to give effect to intercompany sales and certain other adjustments (in thousands, except per unit data):

	Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Sales	$ 2,797,134	$ 5,117,271	$ 5,911,504	$ 10,753,875
Net income (loss) attributable to Global Partners LP	$ 6,611	$ (14,826)	$ 39,422	$ 37,097
Net income (loss) per limited partner unit, basic	$ 0.13	$ (0.58)	$ 1.12	$ 1.27
Net income (loss) per limited partner unit, diluted	$ 0.13	$ (0.58)	$ 1.12	$ 1.27

Pro forma information for Capitol for the three and six months ended June 30, 2014 is estimated based on annual revenues and net income. Warren's revenues and net income included in the Partnership's consolidated operating results from January 7, 2015, the acquisition date, through the period ended June 30, 2015 were $0.6 billion and $4.4 million, respectively. Capitol's revenues and net loss included in the Partnership's consolidated operating results from June 1, 2015, the acquisition date, through the period ended June 30, 2015 were $25.6 million and ($2.2 million), respectively.

Note 3. Net Income (Loss) Per Limited Partner Unit

Under the Partnership's partnership agreement, for any quarterly period, the incentive distribution rights ("IDRs") participate in net income only to the extent of the amount of cash distributions actually declared, thereby excluding the IDRs from participating in the Partnership's undistributed net income or losses. Accordingly, the Partnership's undistributed net income is assumed to be allocated to the common unitholders, or limited partners' interest, and to the General Partner's general partner interest.

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Common units outstanding as reported in the accompanying consolidated financial statements at June 30, 2015 and December 31, 2014 excluded 453,219 and 390,602 common units, respectively, held on behalf of the Partnership pursuant to its repurchase program (see Note 13). These units are not deemed outstanding for purposes of calculating net income per limited partner unit (basic and diluted).

The following table provides a reconciliation of net income (loss) and the assumed allocation of net income (loss) to the limited partners' interest for purposes of computing net income per limited partner unit for the three and six months ended June 30, 2015 and 2014 (in thousands, except per unit data):

	Three Months Ended June 30, 2015				Three Months Ended June 30, 2014			
Numerator:	Total	Limited Partner Interest	General Partner Interest	IDRs	Total	Limited Partner Interest	General Partner Interest	IDRs
Net income (loss) attributable to Global Partners LP (1)	$ 7,218	$ 4,547	$ 2,671	$ —	$ (12,719)	$ (13,752)	$ 1,033	$ —
Declared distribution	$ 26,320	$ 23,543	$ 159	$ 2,618	$ 18,772	$ 17,487	$ 146	$ 1,139
Assumed allocation of undistributed net income (loss)	(19,102)	(18,996)	(106)	—	(31,491)	(31,239)	(252)	—
Assumed allocation of net income (loss)	$ 7,218	$ 4,547	$ 53	$ 2,618	$ (12,719)	$ (13,752)	$ (106)	$ 1,139
Denominator:								
Basic weighted average limited partner units outstanding		31,037				27,244		
Dilutive effect of phantom units		177				—		
Diluted weighted average limited		31,214				27,244		

partner units outstanding		
Basic net income (loss) per limited partner unit	$ 0.15	$ (0.50)
Diluted net income (loss) per limited partner unit (2)	$ 0.15	$ (0.50)

(1) As a result of the June 2015 and December 2014 issuances of 3,000,000 and 3,565,000 common units, respectively, the general partner interest was reduced to 0.67% from 0.83%. As a result, the general partner interest was, based on a weighted average, 0.73% for the three months ended June 30, 2015. The general partner interest was 0.83% for the three months ended June 30, 2014.

(2) Basic units were used to calculate diluted net loss per limited partner unit for the three months ended June 30, 2014, as using the effects of phantom units would have an anti-dilutive effect on income per limited partner unit.

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