

Washington Prime Group Inc.
Form 10-Q
November 04, 2014

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2014

Washington Prime Group Inc.

(Exact name of Registrant as specified in its charter)

Indiana

(State of incorporation or organization)

001-36252

(Commission File No.)

046-4323686

(I.R.S. Employer Identification No.)

**7315 Wisconsin Avenue, Suite 500 East
Bethesda, Maryland 20814**

(Address of principal executive offices)

(240) 630-0000

(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 (§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 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 (check one):

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

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

As of October 29, 2014, registrant had 155,162,597 shares of common stock outstanding.

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Washington Prime Group Inc.

Unaudited Consolidated and Combined Balance Sheets

(Dollars in thousands, except share amounts)

	September 30, 2014	December 31, 2013
ASSETS:		
Investment properties at cost	\$ 5,210,439	\$ 4,789,705
Less accumulated depreciation	2,069,421	1,974,949
	3,141,018	2,814,756
Cash and cash equivalents	120,808	25,857
Tenant receivables and accrued revenue, net	61,053	61,121
Investment in unconsolidated entities, at equity	5,242	3,554
Deferred costs and other assets	170,809	97,370
Total assets	\$ 3,498,930	\$ 3,002,658
LIABILITIES:		
Mortgage notes payable	\$ 1,501,566	\$ 918,614
Unsecured term loan	500,000	
Revolving credit facility	340,750	
Accounts payable, accrued expenses, intangibles, and deferred revenues	152,004	151,011
Cash distributions and losses in partnerships and joint ventures, at equity	15,245	41,313
Other liabilities	23,561	7,195
Total liabilities	2,533,126	1,118,133
EQUITY:		
Stockholders' Equity		
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 155,162,597 issued and outstanding in 2014	16	
Capital in excess of par value	722,140	
SPG Equity		1,565,169
Retained earnings	73,276	
Total stockholders' equity	795,432	1,565,169
Noncontrolling interests	170,372	319,356
Total equity	965,804	1,884,525

Total liabilities and equity	\$	3,498,930	\$	3,002,658
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The accompanying notes are an integral part of these statements.

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Washington Prime Group Inc.

Unaudited Consolidated and Combined Statements of Operations

(Dollars in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
REVENUE:				
Minimum rent	\$ 113,887	\$ 104,905	\$ 328,898	\$ 313,390
Overage rent	1,747	1,396	4,991	5,000
Tenant reimbursements	50,814	47,523	145,161	138,698
Other income	1,236	1,555	4,778	4,096
Total revenue	167,684	155,379	483,828	461,184
EXPENSES:				
Property operating	29,268	27,713	81,627	77,533
Depreciation and amortization	49,307	46,771	142,563	137,171
Real estate taxes	20,430	20,144	59,129	58,501
Repairs and maintenance	5,169	5,001	17,253	15,890
Advertising and promotion	1,954	2,270	5,838	6,215
Provision for (recovery of) credit losses	447	376	1,852	260
General and administrative	4,395	0	6,260	0
Transaction and related costs	0	0	39,931	0
Merger costs	2,500	0	2,500	0
Ground rent and other costs	1,108	1,017	3,508	3,371
Total operating expenses	114,578	103,292	360,461	298,941
OPERATING INCOME	53,106	52,087	123,367	162,243
Interest expense	(23,219)	(13,791)	(59,813)	(41,247)
Income and other taxes	(134)	(68)	(275)	(170)
Income from unconsolidated entities	99	353	846	852
Gain upon acquisition of controlling interests and on sale of interests in properties	8,969	0	100,479	14,152
NET INCOME	38,821	38,581	164,604	135,830
Net income attributable to noncontrolling interests	6,620	6,347	28,210	23,116
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 32,201	\$ 32,234	\$ 136,394	\$ 112,714

EARNINGS PER COMMON SHARE, BASIC AND DILUTED

Net income attributable to common stockholders	\$	0.21	\$	0.21	\$	0.88	\$	0.73
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