

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Form 10-Q

May 04, 2015

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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 March 31, 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: 1-6300

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST
(Exact name of Registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	23-6216339 (I.R.S. Employer Identification No.)
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200 South Broad Street Philadelphia, PA (Address of principal executive offices)	19102 (Zip Code)
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Registrant's telephone number, including area code (215) 875-0700

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.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common shares of beneficial interest, \$1.00 par value per share, outstanding at April 28, 2015: 69,117,325

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Except as the context otherwise requires, references in this Quarterly Report on Form 10-Q to “we,” “our,” “us,” the “Company” and “PREIT” refer to Pennsylvania Real Estate Investment Trust and its subsidiaries, including our operating partnership, PREIT Associates, L.P. References in this Quarterly Report on Form 10-Q to “PREIT Associates” or the “Operating Partnership” refer to PREIT Associates, L.P.

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Item 1. FINANCIAL STATEMENTS

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)	March 31, 2015 (unaudited)	December 31, 2014
ASSETS:		
INVESTMENTS IN REAL ESTATE, at cost:		
Operating properties	\$3,676,010	\$3,216,231
Construction in progress	59,054	60,452
Land held for development	8,721	8,721
Total investments in real estate	3,743,785	3,285,404
Accumulated depreciation	(1,082,959)	(1,061,051)
Net investments in real estate	2,660,826	2,224,353
INVESTMENTS IN PARTNERSHIPS, at equity:	147,847	140,882
OTHER ASSETS:		
Cash and cash equivalents	37,480	40,433
Tenant and other receivables (net of allowance for doubtful accounts of \$12,774 and \$11,929 at March 31, 2015 and December 31, 2014, respectively)	37,500	40,566
Intangible assets (net of accumulated amortization of \$11,974 and \$11,873 at March 31, 2015 and December 31, 2014, respectively)	24,294	6,452
Deferred costs and other assets	87,653	87,017
Total assets	\$2,995,600	\$2,539,703
LIABILITIES:		
Mortgage loans payable	\$1,409,049	\$1,407,947
Term Loans	250,000	130,000
Revolving Facility	210,000	—
Tenants' deposits and deferred rent	16,833	15,541
Distributions in excess of partnership investments	65,746	65,956
Fair value of derivative liabilities	4,377	2,490
Accrued expenses and other liabilities	86,916	73,032
Total liabilities	2,042,921	1,694,966
COMMITMENTS AND CONTINGENCIES (Note 6):		
EQUITY:		
Series A Preferred Shares, \$.01 par value per share; 25,000 preferred shares authorized; 4,600 shares of Series A Preferred Shares issued and outstanding at each of March 31, 2015 and December 31, 2014; liquidation preference of \$115,000		46
Series B Preferred Shares, \$.01 par value per share; 25,000 preferred shares authorized; 3,450 shares of Series B Preferred Shares issued and outstanding at each of March 31, 2015 and December 31, 2014; liquidation preference of \$86,250		35
Shares of beneficial interest, \$1.00 par value per share; 200,000 shares authorized; issued and outstanding 69,116 shares at March 31, 2015 and 68,801 shares at December 31, 2014	69,116	68,801
Capital contributed in excess of par	1,470,716	1,474,183
Accumulated other comprehensive loss	(7,204)	(6,002)
Distributions in excess of net income	(753,585)	(721,605)
Total equity—Pennsylvania Real Estate Investment Trust	779,124	815,458
Noncontrolling interest	173,555	29,279
Total equity	952,679	844,737

Total liabilities and equity	\$2,995,600	\$2,539,703
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See accompanying notes to the unaudited consolidated financial statements.

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PENNSYLVANIA REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands of dollars)	Three Months Ended	
	March 31, 2015	2014
REVENUE:		
Real estate revenue:		
Base rent	\$64,273	\$71,342
Expense reimbursements	31,510	34,351
Percentage rent	524	590
Lease termination revenue	441	100
Other real estate revenue	2,035	2,226
Total real estate revenue	98,783	108,609
Other income	1,274	779
Total revenue	100,057	109,388
EXPENSES:		
Operating expenses:		
Property operating expenses:		