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Washington Prime Group Inc.
Form 10-Q
May 07, 2015

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

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.)

180 E. Broad Street
Columbus, Ohio 43215
(Address of principal executive offices)

(614) 621-9000
(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 ☐

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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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check One): Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

(Do not check if a 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 ☒

As of May 6, 2015, registrant had 185,289,688 shares of common stock outstanding.

* The registrant intends to change its name to WP Glimcher Inc. and is seeking shareholder approval of the name change at its 2015 Annual Meeting of Stockholders.

WASHINGTON PRIME GROUP INC.
FORM 10-Q

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

Washington Prime Group Inc.
Unaudited Consolidated Balance Sheets
(dollars in thousands, except share and par value amounts)

| | March 31, 2015 | December 31, 2014 |
|--|----------------|-------------------|
| ASSETS: | | |
| Investment properties at cost | \$8,378,533 | \$5,292,665 |
| Less: accumulated depreciation | 2,172,119 | 2,113,929 |
| | 6,206,414 | 3,178,736 |
| Cash and cash equivalents | 255,616 | 108,768 |
| Tenant receivables and accrued revenue, net | 72,256 | 69,616 |
| Investment in unconsolidated entities, at equity | 15,949 | — |
| Deferred costs and other assets | 479,629 | 170,883 |
| Total assets | \$7,029,864 | \$3,528,003 |
| LIABILITIES: | | |
| Mortgage notes payable | \$2,757,416 | \$1,435,114 |
| Bonds payable | 249,930 | — |
| Unsecured term loan | 500,000 | 500,000 |
| Revolving credit facility | 413,750 | 413,750 |
| Bridge loan | 941,570 | — |
| Series G Cumulative Redeemable Preferred Stock (called for redemption) | 117,500 | — |
| Accounts payable, accrued expenses, intangibles, and deferred revenues | 345,049 | 194,014 |
| Distributions payable | 5,750 | — |
| Cash distributions and losses in partnerships and joint ventures, at equity | 15,344 | 15,298 |
| Other liabilities | 14,653 | 11,786 |
| Total liabilities | 5,360,962 | 2,569,962 |
| Redeemable noncontrolling interests | 6,145 | — |
| EQUITY: | | |
| Stockholders' Equity | | |
| Series H Cumulative Redeemable Preferred Stock, \$0.0001 par value, 4,000,000 shares issued and outstanding as of March 31, 2015 | 104,251 | — |
| Series I Cumulative Redeemable Preferred Stock, \$0.0001 par value, 3,800,000 shares issued and outstanding as of March 31, 2015 | 98,325 | — |
| Common stock, \$0.0001 par value, 300,000,000 shares authorized, 185,204,391 and 155,162,597 issued and outstanding as of March 31, 2015 and December 31, 2014, respectively | 19 | 16 |
| Capital in excess of par value | 1,215,096 | 720,921 |
| Retained earnings | 13,383 | 68,114 |
| Accumulated other comprehensive loss | (340) | — |
| Total stockholders' equity | 1,430,734 | 789,051 |
| Noncontrolling interests | 232,023 | 168,990 |
| Total equity | 1,662,757 | 958,041 |
| Total liabilities, redeemable noncontrolling interests and equity | \$7,029,864 | \$3,528,003 |
| The accompanying notes are an integral part of these statements. | | |

Washington Prime Group Inc.

Unaudited Consolidated and Combined Statements of Operations and Comprehensive (Loss) Income
(dollars in thousands, except per share amounts)

| | For the Three Months Ended March 31, | |
|-------------------------------|--------------------------------------|------------|
| | 2015 | 2014 |
| REVENUE: | | |
| Minimum rent | \$ 162,704 | \$ 106,637 |
| Overage rent | 3,263 | 2,110 |
| Tenant reimbursements | 69,227 | 47,168 |
| Other income | 2,528 | 2,054 |
| Total revenues | 237,722 | 157,969 |
| EXPENSES: | | |
| Property operating | 41,079 | 26,140 |
| Depreciation and amortization | 92,184 | 45,968 |
| Real estate taxes | 30,565 | 19,947 |
| Repairs and maintenance | 9,488 | 7,150 |
| Advertising and promotion | 2,687 | 1,952 |
| Provision for credit losses | 698 | 786 |
| General and administrative | 9,700 | — |
| Merger and transaction costs | 20,810 | — |
| Ground rent and other costs | 2,748 | 1,119 |
| Total operating expenses | 209,959 | 103,062 |
| OPERATING INCOME | 27,763 | 54,907 |
| Interest expense | (37,122) | (13,917) |
| Income and other taxes | | |