

Rexford Industrial Realty, Inc.
Form 10-Q
September 03, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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, 2013

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: 001-36008

Rexford Industrial Realty, Inc.

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)
46-2024407
(I.R.S. Employer
Identification No.)
11620 Wilshire Boulevard, Suite 1000,
Los Angeles, California
(Address of principal executive offices)
90025
(Zip Code)
(310) 966-1680

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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 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 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 number of shares of common stock outstanding at August 30, 2013 was 25,681,790.

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REXFORD INDUSTRIAL REALTY, INC.

QUARTERLY REPORT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

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	June 30, 2013	December 31, 2012
	(Unaudited)	
ASSETS		
Land	\$ 189,131,000	\$ 154,413,000
Buildings and improvements	245,207,000	210,657,000
Tenant improvements	13,005,000	12,330,000
Furniture, fixtures, and equipment	188,000	188,000
Total real estate held for investment	447,531,000	377,588,000
Accumulated depreciation	(61,840,000)	(56,626,000)
Investments in real estate, net	385,691,000	320,962,000
Cash and cash equivalents	24,951,000	43,499,000
Restricted cash	2,026,000	1,882,000
Notes receivable	7,876,000	11,911,000
Rents and other receivables, net	685,000	560,000
Deferred rent receivable	3,969,000	3,768,000
Deferred leasing costs and in-place lease intangibles, net	7,805,000	5,012,000
Deferred loan costs, net	1,504,000	1,396,000
Acquired above-market leases, net	1,614,000	179,000
Other assets	4,574,000	1,870,000
Acquisition related deposits	210,000	260,000
Investment in unconsolidated real estate entities	11,486,000	12,697,000
Assets associated with real estate held for sale		16,500,000
Total Assets	\$ 452,391,000	\$ 420,496,000
LIABILITIES & EQUITY		
Liabilities		
Notes payable	\$ 351,187,000	\$ 302,830,000
Accounts payable, accrued expenses and other liabilities	2,518,000	2,589,000
Due to members		1,221,000
Interest rate contracts		49,000
Acquired below-market leases, net	65,000	39,000
Tenant security deposits	4,623,000	3,753,000
Prepaid rents	603,000	334,000

Liabilities associated with real estate held for sale		13,433,000
Total Liabilities	358,996,000	324,248,000
Equity		
Rexford Industrial Realty, Inc. Predecessor	11,968,000	11,962,000
Accumulated deficit and distributions	(27,592,000)	(24,653,000)
Total Rexford Industrial Realty, Inc. Predecessor equity	(15,624,000)	(12,691,000)
Noncontrolling interests	109,019,000	108,939,000
Total Equity	93,395,000	96,248,000
Total Liabilities and Equity	\$ 452,391,000	\$ 420,496,000

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

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REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Six Months Ended June 30,	
	June 30,		2013	
	2013	2012	2013	2012
RENTAL REVENUES				
Rental revenues	\$ 9,152,000	\$ 6,940,000	\$ 16,932,000	\$ 13,784,000
Tenant reimbursements	1,127,000	706,000	1,974,000	1,413,000
Management, leasing and development services	170,000	106,000	431,000	170,000
Other income	49,000	33,000	167,000	50,000
TOTAL RENTAL REVENUES	10,498,000	7,785,000	19,504,000	15,417,000
Interest income	324,000	449,000	635,000	785,000
TOTAL REVENUES	10,822,000	8,234,000	20,139,000	16,202,000
OPERATING EXPENSES				
Property expenses	2,442,000	2,184,000	4,562,000	4,170,000
General and administrative	1,396,000	1,180,000	2,535,000	2,157,000
Depreciation and amortization	3,564,000	2,849,000	6,739,000	6,203,000
Impairment of long-lived assets				
Other property expenses	444,000	353,000	781,000	629,000
TOTAL OPERATING EXPENSES	7,846,000	6,566,000	14,617,000	13,159,000
OTHER (INCOME) EXPENSE				
Acquisition expenses	624,000	167,000	717,000	234,000
Interest expense	4,467,000	4,346,000	8,324,000	8,504,000
Gain on mark-to-market of interest rate swaps		(612,000)	(49,000)	(1,223,000)
TOTAL OTHER EXPENSE	5,091,000	3,901,000	8,992,000	7,515,000
TOTAL EXPENSES	12,937,000	10,467,000	23,609,000	20,674,000
Equity in loss from unconsolidated real estate entities	(712,000)	(90,000)	(925,000)	(33,000)
Gain from early repayment of note receivable			1,365,000	
Loss on extinguishment of debt			(37,000)	
NET LOSS FROM CONTINUING OPERATIONS	(2,827,000)	(2,323,000)	(3,067,000)	(4,505,000)

DISCONTINUED OPERATIONS

Loss from discontinued operations before gains on sale of real estate	(180,000)	(145,000)	(86,000)	(68,000)
Loss on extinguishment of debt	(41,000)		(250,000)	
Gain on sale of real estate	2,580,000		4,989,000	

INCOME (LOSS) FROM DISCONTINUED OPERATIONS

2,359,000	(145,000)	4,653,000	(68,000)
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NET INCOME (LOSS)	(468,000)	(2,468,000)	1,586,000	(4,573,000)
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Net (income) loss attributable to noncontrolling interests	(1,818,000)	1,009,000	(3,544,000)	2,942,000
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NET LOSS ATTRIBUTABLE TO REXFORD

INDUSTRIAL REALTY, INC. PREDECESSOR	\$ (2,286,000)	\$ (1,459,000)	\$ (1,958,000)	\$ (1,631,000)
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The accompanying notes are an integral part of these combined financial statements.

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REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Rexford Industrial Realty, Inc. Predecessor	Noncontrolling Interests	Total
Balance as of January 1, 2013	\$ (12,691,000)	\$ 108,939,000	\$ 96,248,000
Capital contributions	6,000	1,150,000	1,156,000
Equity based compensation expense		100,000	100,000
Net income	(1,958,000)	3,544,000	1,586,000
Distributions	(981,000)	(4,714,000)	(5,695,000)
Balance as of June 30, 2013	\$ (15,624,000)	\$ 109,019,000	\$ 93,395,000

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

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REXFORD INDUSTRIAL REALTY, INC. PREDECESSOR
COMBINED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 1,586,000	\$ (4,573,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in (earnings) loss of unconsolidated real estate entities	925,000	33,000
Depreciation and amortization	6,739,000	6,203,000
Depreciation and amortization included in discontinued operations	157,000	588,000
Amortization of above market lease intangibles	212,000	87,000
Accretion of discount on notes receivable	(94,000)	(176,000)
Loss on extinguishment of debt	287,000	
Gain on sale of real estate	(4,989,000)	
Amortization of loan costs	657,000	371,000
Gain on mark-to-market interest rate swaps	(49,000)	(1,223,000)
Deferred interest expense	530,000	527,000
Equity based compensation expense	85,000	
Gain from early repayment of notes receivable	(1,365,000)	
Change in working capital components:		
Rents and other receivables	(125,000)	(32,000)
Deferred rent receivable	(217,000)	(223,000)
Change in restricted cash	(116,000)	(265,000)
Leasing commissions	(606,000)	(349,000)
Other assets	(1,068,000)	(308,000)
Accounts payable, accrued expenses and other liabilities	(836,000)	(187,000)
Tenant security deposits	495,000	(251,000)
Prepaid rent	194,000	(41,000)
Net cash provided by operating activities	2,402,000	181,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquis		