

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Form 10-Q

October 29, 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 September 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: 1-6300

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

(Exact name of Registrant as specified in its charter)

Pennsylvania

23-6216339

(State or other jurisdiction of
incorporation or organization)

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

200 South Broad Street

19102

Philadelphia, PA

(Address of principal executive offices)

(Zip Code)

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 Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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 October 27, 2015: 69,190,692

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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)	September 30, 2015 (unaudited)	December 31, 2014
ASSETS:		
INVESTMENTS IN REAL ESTATE, at cost:		
Operating properties	\$3,467,158	\$3,216,231
Construction in progress	131,924	60,452
Land held for development	8,424	8,721
Total investments in real estate	3,607,506	3,285,404
Accumulated depreciation	(1,071,477) (1,061,051)
Net investments in real estate	2,536,029	2,224,353
INVESTMENTS IN PARTNERSHIPS, at equity:	154,588	140,882
OTHER ASSETS:		
Cash and cash equivalents	22,136	40,433
Tenant and other receivables (net of allowance for doubtful accounts of \$10,857 and \$11,929 at September 30, 2015 and December 31, 2014, respectively)	36,750	40,566
Intangible assets (net of accumulated amortization of \$13,198 and \$11,873 at September 30, 2015 and December 31, 2014, respectively)	23,372	6,452
Deferred costs and other assets	86,717	87,017
Assets held for sale	13,627	—
Total assets	\$2,873,219	\$2,539,703
LIABILITIES:		
Mortgage loans payable	\$1,392,270	\$1,407,947
Term Loans	400,000	130,000
Revolving Facility	60,000	—
Tenants' deposits and deferred rent	15,731	15,541
Distributions in excess of partnership investments	64,238	65,956
Fair value of derivative liabilities	6,029	2,490
Liabilities on assets held for sale	1,895	—
Accrued expenses and other liabilities	89,738	73,032
Total liabilities	2,029,901	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 46 of September 30, 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 35 of September 30, 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 69,190 shares at September 30, 2015 and 68,801 shares at December 31, 2014	69,190	68,801
Capital contributed in excess of par	1,474,504	1,474,183
Accumulated other comprehensive loss	(8,189) (6,002)
Distributions in excess of net income	(853,820) (721,605)
Total equity—Pennsylvania Real Estate Investment Trust	681,766	815,458

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Noncontrolling interest	161,552	29,279
Total equity	843,318	844,737
Total liabilities and equity	\$2,873,219	\$2,539,703

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		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
REVENUE:				
Real estate revenue:				
Base rent	\$68,378	\$66,908	\$200,069	\$209,896
Expense reimbursements	31,790	31,057	93,840	96,287
Percentage rent	866	542	1,712	1,455
Lease termination revenue	1,431	644	1,898	898