

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Form 10-Q

August 01, 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 June 30, 2014

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"/>	(Do not check if a smaller reporting company) Smaller reporting company	<input type="checkbox"/>

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 July 28, 2014: 68,775,675

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PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

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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)	June 30, 2014 (unaudited)	December 31, 2013
ASSETS:		
INVESTMENTS IN REAL ESTATE, at cost:		
Operating properties	\$3,437,079	\$3,450,317
Construction in progress	85,416	68,835
Land held for development	8,716	8,716
Total investments in real estate	3,531,211	3,527,868
Accumulated depreciation	(1,063,080)	(1,012,746)
Net investments in real estate	2,468,131	2,515,122
INVESTMENTS IN PARTNERSHIPS, at equity:	19,170	15,963
OTHER ASSETS:		
Cash and cash equivalents	30,741	34,230
Tenant and other receivables (net of allowance for doubtful accounts of \$12,352 and \$13,123 at June 30, 2014 and December 31, 2013, respectively)	37,995	46,439
Intangible assets (net of accumulated amortization of \$14,923 and \$14,506 at June 30, 2014 and December 31, 2013, respectively)	8,434	9,075
Deferred costs and other assets	92,295	97,752
Total assets	\$2,656,766	\$2,718,581
LIABILITIES:		
Mortgage loans payable	\$1,494,801	\$1,502,650
Term loans	130,000	—
Revolving Facility	—	130,000
Tenants' deposits and deferred rent	17,119	17,896
Distributions in excess of partnership investments	64,675	64,491
Fair value of derivative liabilities	3,245	844
Accrued expenses and other liabilities	87,132	76,248
Total liabilities	1,796,972	1,792,129
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 June 30, 2014 and December 31, 2013; 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 June 30, 2014 and December 31, 2013; liquidation preference of \$86,250		35
Shares of beneficial interest, \$1.00 par value per share; 200,000 shares authorized; issued and outstanding 68,749 shares at June 30, 2014 and 68,293 shares at December 31, 2013	68,749	68,293
Capital contributed in excess of par	1,470,525	1,467,460
Accumulated other comprehensive loss	(7,827)	(6,637)
Distributions in excess of net income	(703,758)	(636,939)
Total equity—Pennsylvania Real Estate Investment Trust	827,770	892,258
Noncontrolling interest	32,024	34,194
Total equity	859,794	926,452

Total liabilities and equity	\$2,656,766	\$2,718,581
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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		Six Months Ended	
	June 30, 2014	2013	June 30, 2014	2013
REVENUE:				
Real estate revenue:				
Base rent	\$71,646	\$69,207	\$142,988	\$137,709
Expense reimbursements	30,879	30,931	65,230	61,792
Percentage rent	324	584	914	1,566
Lease termination revenue	154	91	254	231
Other real estate revenue	3,142	2,735		