

WP Glimcher Inc.  
Form 10-Q  
May 06, 2016

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, 2016

WP Glimcher Inc.  
Washington Prime Group, L.P.  
(Exact name of Registrant as specified in its charter)

Indiana (Both Registrants)  
(State of incorporation or organization)

001-36252 (WP Glimcher Inc.)  
333-205859 (Washington Prime Group, L.P.)  
(Commission File No.)

46-4323686 (WP Glimcher Inc.)  
46-4674640 (Washington Prime Group, L.P.)  
(I.R.S. Employer Identification No.)

180 East 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.

WP Glimcher Inc. Yes  No  Washington Prime Group, L.P. 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).

WP Glimcher Inc. Yes  No  Washington Prime Group, L.P. 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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WP Glimcher Inc. (Check One):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting  
company

(Do not check if a smaller reporting  
company)

Washington Prime Group, L.P. (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).

WP Glimcher Inc. Yes  No  Washington Prime Group, L.P. Yes  No

As of May 5, 2016, WP Glimcher Inc. had 185,310,857 shares of common stock outstanding.

## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2016 of WP Glimcher Inc. and Washington Prime Group, L.P. Unless stated otherwise or the context requires otherwise, references to "WPG Inc." mean WP Glimcher Inc., an Indiana corporation, and references to "WPG L.P." mean Washington Prime Group, L.P., an Indiana limited partnership, and its consolidated subsidiaries, in cases where it is important to distinguish between WPG Inc. and WPG L.P. We use the terms "we" or "our" or "WPG" or the "Company" to refer to WPG Inc., WPG L.P., and entities in which WPG Inc. or WPG L.P. (or an affiliate) has a material interest on a consolidated basis, unless the context indicates otherwise.

WPG Inc. operates as a self-managed and self-administered real estate investment trust ("REIT"). WPG Inc. owns properties and conducts operations through WPG L.P., of which WPG Inc. is the sole general partner and of which it holds approximately 84.1% of the partnership interests ("OP units") at March 31, 2016. The remaining OP units are owned by various limited partners. As the sole general partner of WPG L.P., WPG Inc. has the exclusive and complete responsibility for WPG L.P.'s day-to-day management and control. Management operates WPG Inc. and WPG L.P. as one enterprise. The management of WPG Inc. consists of the same persons who direct the management of WPG L.P. As general partner with control of WPG L.P., WPG Inc. consolidates WPG L.P. for financial reporting purposes, and WPG Inc. does not have significant assets other than its investment in WPG L.P. Therefore, the assets and liabilities of WPG Inc. and WPG L.P. are substantially the same on their respective consolidated financial statements and the disclosures of WPG Inc. and WPG L.P. also are substantially similar.

The Company believes, therefore, that the combination into a single report of the quarterly reports on Form 10-Q of WPG Inc. and WPG L.P. provides the following benefits:

- enhances investors' understanding of the operations of WPG Inc. and WPG L.P. by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both WPG Inc. and WPG L.P.; and
- creates time and cost efficiencies through the preparation of one set of disclosures instead of two separate sets of disclosures.

The substantive difference between WPG Inc.'s and WPG L.P.'s filings is the fact that WPG Inc. is a REIT with shares traded on a public stock exchange, while WPG L.P. is a limited partnership with no publicly traded equity. Moreover, the interests in WPG L.P. held by third parties are classified differently by the two entities (i.e., noncontrolling interests for WPG Inc. and partners' equity for WPG L.P.). In the consolidated financial statements, these differences are primarily reflected in the equity section of the consolidated balance sheets and in the consolidated statements of equity. Apart from the different equity presentation, the consolidated financial statements of WPG Inc. and WPG L.P. are nearly identical.

This combined Form 10-Q for WPG Inc. and WPG L.P. includes, for each entity, separate interim financial statements (but combined footnotes), separate reports on disclosure controls and procedures and internal control over financial reporting, and separate CEO/CFO certifications. In addition, if there were any material differences between WPG Inc. and WPG L.P. with respect to any other financial and non-financial disclosure items required by Form 10-Q, they would be discussed separately herein.

WP GLIMCHER INC. AND WASHINGTON PRIME GROUP, L.P.  
FORM 10-Q

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PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements

WP Glimcher Inc.

Unaudited Consolidated Balance Sheets

(dollars in thousands, except share and par value amounts)

	March 31, 2016	December 31, 2015
<b>ASSETS:</b>		
Investment properties at cost	\$6,659,405	\$6,656,200
Less: accumulated depreciation	2,259,242	2,225,750
	4,400,163	4,430,450
Cash and cash equivalents	91,259	116,253
Tenant receivables and accrued revenue, net	87,689	91,603
Real estate assets held-for-sale	—	30,000
Investment in and advances to unconsolidated entities, at equity	474,259	488,071
Deferred costs and other assets	311,424	303,232
Total assets	\$5,364,794	\$5,459,609
<b>LIABILITIES:</b>		
Mortgage notes payable	\$1,788,620	\$1,793,439
Notes payable	247,093	246,728
Unsecured term loans	1,333,417	1,332,812
Revolving credit facility	260,943	275,622
Accounts payable, accrued expenses, intangibles, and deferred revenues	360,959	379,112
Distributions payable	2,992	2,992
Cash distributions and losses in partnerships and joint ventures, at equity	15,398	15,399
Total liabilities	4,009,422	4,046,104
Redeemable noncontrolling interests	5,773	6,132
<b>EQUITY:</b>		
Stockholders' Equity:		
Series H Cumulative Redeemable Preferred Stock, \$0.0001 par value, 4,000,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	104,251	104,251
Series I Cumulative Redeemable Preferred Stock, \$0.0001 par value, 3,800,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	98,325	98,325
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 185,309,682 and 185,304,555 issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	19	19
Capital in excess of par value	1,224,968	1,225,926
Accumulated deficit	(252,063 )	(214,243 )
Accumulated other comprehensive (loss) income	(9,604 )	1,716
Total stockholders' equity	1,165,896	1,215,994
Noncontrolling interests	183,703	191,379
Total equity	1,349,599	1,407,373
Total liabilities, redeemable noncontrolling interests and equity	\$5,364,794	\$5,459,609

The accompanying notes are an integral part of these statements.



WP Glimcher Inc.

Unaudited Consolidated Statements of Operations and Comprehensive Income (Loss)

(dollars in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2016	2015
<b>REVENUE:</b>		
Minimum rent	\$143,105	\$160,906
Overage rent	3,457	3,264
Tenant reimbursements	57,956	69,245
Other income	5,513	4,303
Total revenues	210,031	237,718
<b>EXPENSES:</b>		
Property operating	43,934	51,109
Depreciation and amortization	71,403	92,184
Real estate taxes	24,491	30,525
Advertising and promotion	2,232	2,675
Provision for credit losses	732	698
General and administrative	10,804	9,589
Merger and transaction costs	—	20,810
Ground rent	1,057	2,373
Total operating expenses	154,653	209,963
<b>OPERATING INCOME</b>	<b>55,378</b>	<b>27,755</b>
Interest expense, net	(37,348 )	(37,114 )
Income and other taxes	(979 )	(445 )
(Loss) income from unconsolidated entities	(1,161 )	216
<b>INCOME (LOSS) BEFORE LOSS ON DISPOSITION OF PROPERTIES</b>	<b>15,890</b>	<b>(9,588 )</b>
Loss on disposition of properties	(2,209 )	—
<b>NET INCOME (LOSS)</b>	<b>13,681</b>	<b>(9,588 )</b>
Net income (loss) attributable to noncontrolling interests	1,659	(2,296 )
<b>NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY</b>	<b>12,022</b>	<b>(7,292 )</b>
Less: Preferred share dividends	(3,508 )	(4,978 )
<b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>	<b>\$8,514</b>	<b>\$(12,270 )</b>
<b>EARNINGS (LOSS) PER COMMON SHARE, BASIC AND DILUTED</b>	<b>\$0.05</b>	<b>\$(0.07 )</b>
<b>COMPREHENSIVE INCOME (LOSS):</b>		
Net income (loss)	\$13,681	\$(9,588 )
Unrealized loss on interest rate derivative instruments	(13,466 )	(404 )
Comprehensive income (loss)	215	(9,992 )
Comprehensive loss attributable to noncontrolling interests	(487 )	(2,360 )
Comprehensive income (loss) attributable to common shareholders	\$702	\$(7,632 )

The accompanying notes are an integral part of these statements.



WP Glimcher Inc.  
 Unaudited Consolidated Statements of Cash Flows  
 (dollars in thousands)

	For the Three Months Ended March 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$13,681	\$(9,588 )
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization, including fair value rent, fair value debt, deferred financing costs and stock compensation	70,377	90,574
Loss on disposition of properties	2,209	—
Provision for credit losses	732	698
Loss (income) from unconsolidated entities	1,161	(216 )
Distributions of income from unconsolidated entities	53	99
Changes in assets and liabilities:		
Tenant receivables and accrued revenue, net	2,900	10,924
Deferred costs and other assets	(2,259 )	(5,628 )
Accounts payable, accrued expenses, deferred revenues and other liabilities	(29,723 )	(35,089 )
Net cash provided by operating activities	59,131	51,774
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions, net of cash acquired	—	(956,602 )
Capital expenditures, net	(25,502 )	(34,882 )
Restricted cash reserves for future capital expenditures, net	(3,554 )	1,492
Net proceeds from disposition of properties	9,020	—
Investments in unconsolidated entities	(3,260 )	—
Distributions of capital from unconsolidated entities	15,712	46
Net cash used in investing activities	(7,584 )	(989,946 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Distributions to noncontrolling interest holders in properties	—	(8 )
Redemption of preferred shares	(5 )	—
Change in lender-required restricted cash reserves on mortgage loans	839	—
Net proceeds from issuance of common shares, including common stock plans	—	796
Distributions on common and preferred shares/units	(58,717 )	(52,807 )
Proceeds from issuance of debt, net of transaction costs	—	1,423,280
Repayments of debt	(18,658 )	(286,241 )
Net cash (used in) provided by financing activities	(76,541 )	1,085,020
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(24,994 )</b>	<b>146,848</b>
CASH AND CASH EQUIVALENTS, beginning of period	116,253	108,768
CASH AND CASH EQUIVALENTS, end of period	\$91,259	\$255,616

The accompanying notes are an integral part of these statements.

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WP Glimcher Inc.

Unaudited Consolidated Statement of Equity

(dollars in thousands, except per share/unit amounts)

	Preferred Series H	Preferred Series I	Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Non- Controlling Interests	Total Equity	Redeemable Non-Controlling Interests	
Balance, December 31, 2015	\$104,251	\$98,325	\$19	\$1,225,926	\$(214,243)	\$1,716	\$1,215,994	\$191,379	\$1,407,373	\$6,132
Redemption of limited partner units	—	—	—	—	—	—	(5)	(5)	—	—
Other	—	—	—	52	—	—	—	52	(353)	(353)
Equity-based compensation	—	—	—	675	—	—	—	675	—	—