

FEDERAL REALTY INVESTMENT TRUST
Form 10-Q
May 01, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO THE SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 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: 1-07533

FEDERAL REALTY INVESTMENT TRUST

(Exact Name of Registrant as Specified in its Declaration of Trust)

Maryland 52-0782497
(State of Organization) (IRS Employer Identification No.)

1626 East Jefferson Street, Rockville, Maryland 20852
(Address of Principal Executive Offices) (Zip Code)

(301) 998-8100
(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 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. (Check one):

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) 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 Registrant's common shares outstanding on April 26, 2013 was 65,243,839.

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FEDERAL REALTY INVESTMENT TRUST
QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED MARCH 31, 2013

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following balance sheet as of December 31, 2012, which has been derived from audited financial statements, and unaudited interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles (GAAP) have been omitted pursuant to those rules and regulations, although the company believes that the disclosures made are adequate to make the information not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the company's latest Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal, recurring adjustments) necessary for a fair presentation for the periods presented have been included. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the full year.

Table of ContentsFederal Realty Investment Trust
Consolidated Balance Sheets

| | March 31, 2013 | December 31, 2012 |
|--|--|----------------------|
| | (In thousands, except share data) (Unaudited) | |
| ASSETS | | |
| Real estate, at cost | | |
| Operating (including \$278,885 and \$278,826 of consolidated variable interest entities, respectively) | \$ 4,497,312 | \$ 4,490,960 |
| Construction-in-progress | 327,840 | 288,714 |
| | 4,825,152 | 4,779,674 |
| Less accumulated depreciation and amortization (including \$13,801 and \$12,024 of consolidated variable interest entities, respectively) | (1,257,767) | (1,224,295) |
| Net real estate | 3,567,385 | 3,555,379 |
| Cash and cash equivalents | 31,274 | 36,988 |
| Accounts and notes receivable, net | 77,154 | 73,861 |
| Mortgage notes receivable, net | 55,693 | 55,648 |
| Investment in real estate partnership | 33,131 | 33,169 |
| Prepaid expenses and other assets | 131,192 | 132,659 |
| Debt issuance costs, net of accumulated amortization of \$10,881 and \$10,140, respectively | 10,103 | 10,861 |
| TOTAL ASSETS | \$ 3,905,932 | \$ 3,898,565 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Mortgages payable (including \$204,681 and \$205,299 of consolidated variable interest entities, respectively) | \$ 747,978 | \$ 760,789 |
| Capital lease obligations | 71,687 | 71,693 |
| Notes payable | 299,595 | 299,575 |
| Senior notes and debentures | 1,076,635 | 1,076,545 |
| Accounts payable and accrued expenses | 126,715 | 120,929 |
| Dividends payable | 47,977 | 47,685 |
| Security deposits payable | 13,065 | 12,957 |
| Other liabilities and deferred credits | 94,501 | 103,379 |
| Total liabilities | 2,478,153 | 2,493,552 |
| Commitments and contingencies (Note 6) | | |
| Redeemable noncontrolling interests | 94,249 | 94,420 |
| Shareholders' equity | | |
| Preferred shares, authorized 15,000,000 shares, \$.01 par: 5.417% Series 1 Cumulative Convertible Preferred Shares, (stated at liquidation preference \$25 per share), 399,896 shares issued and outstanding | 9,997 | 9,997 |
| Common shares of beneficial interest, \$.01 par, 100,000,000 shares authorized, 65,239,183 and 64,815,446 shares issued and outstanding, respectively | 653 | 648 |
| Additional paid-in capital | 1,910,200 | 1,875,525 |
| Accumulated dividends in excess of net income | (600,024) | (586,970) |
| Accumulated other comprehensive loss | (10,773) | (12,388) |
| Total shareholders' equity of the Trust | 1,310,053 | 1,286,812 |
| Noncontrolling interests | 23,477 | 23,781 |

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| | | |
|--|--------------|--------------|
| Total shareholders' equity | 1,333,530 | 1,310,593 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 3,905,932 | \$ 3,898,565 |

The accompanying notes are an integral part of these consolidated statements.

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Consolidated Statements of Comprehensive Income
(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------------|------------|
| | 2013 | 2012 |
| | (In thousands, except per share data) | |
| REVENUE | | |
| Rental income | \$ 153,219 | \$ 140,661 |
| Other property income | 3,268 | 4,362 |
| Mortgage interest income | 1,265 | 1,266 |
| Total revenue | 157,752 | 146,289 |
| EXPENSES | | |
| Rental expenses | 29,515 | 26,110 |
| Real estate taxes | 17,651 | 16,057 |
| General and administrative | 7,057 | 7,004 |
| Depreciation and amortization | 40,624 | 36,571 |
| Total operating expenses | 94,847 | 85,742 |
| OPERATING INCOME | 62,905 | 60,547 |
| Other interest income | 30 | 207 |
| Interest expense | (27,405) | (28,793) |
| Income from real estate partnerships | 312 | 301 |
| INCOME FROM CONTINUING OPERATIONS | 35,842 | 32,262 |
| Gain on sale of real estate in real estate partnership | — | 11,860 |
| NET INCOME | 35,842 | 44,122 |
| Net income attributable to noncontrolling interests | (1,254) | (1,136) |
| NET INCOME ATTRIBUTABLE TO THE TRUST | 34,588 | 42,986 |
| Dividends on preferred shares | (135) | (135) |
| NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS | \$ 34,453 | \$ 42,851 |
| EARNINGS PER COMMON SHARE, BASIC | | |
| Continuing operations | \$ 0.53 | \$ |