

WASHINGTON REAL ESTATE INVESTMENT TRUST
Form 10-Q
November 06, 2009
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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 quarterly period ended September 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

COMMISSION FILE NO. 1-6622

WASHINGTON REAL ESTATE INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

MARYLAND **53-0261100**
(State of incorporation) (IRS Employer Identification Number)
6110 EXECUTIVE BOULEVARD, SUITE 800, ROCKVILLE, MARYLAND 20852

(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: **(301) 984-9400**

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 such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days. YES NO

Indicate by checkmark 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

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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.

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 Act). YES NO

As of November 5, 2009, 59,728,786 common shares were outstanding.

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PART I

FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Statements of Income, Statement of Changes in Shareholders' Equity and Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2008 included in WRIT's 2008 Annual Report on Form 10-K and the Current Report on Form 8-K filed on July 10, 2009 with the Securities and Exchange Commission.

Table of Contents**WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(IN THOUSANDS, EXCEPT PER SHARE DATA)****(UNAUDITED)**

	September 30, 2009	December 31, 2008⁽¹⁾
Assets		
Land	\$ 412,137	\$ 410,833
Income producing property	1,890,505	1,854,008
	2,302,642	2,264,841
Accumulated depreciation and amortization	(454,407)	(394,902)
Net income producing property	1,848,235	1,869,939
Development in progress	24,611	23,732
Total real estate held for investment, net	1,872,846	1,893,671
Investment in real estate sold or held for sale, net	6,277	26,734
Cash and cash equivalents	7,119	11,874
Restricted cash	18,072	18,823
Rents and other receivables, net of allowance for doubtful accounts of \$6,347 and \$6,122, respectively	49,109	44,675
Prepaid expenses and other assets	104,421	112,284
Other assets related to properties sold or held for sale	553	1,346
Total assets	\$ 2,058,397	\$ 2,109,407
Liabilities		
Notes payable	\$ 796,064	\$ 890,679
Mortgage notes payable	406,377	421,286
Lines of credit	6,000	67,000
Accounts payable and other liabilities	64,462	70,538
Advance rents	9,792	8,926
Tenant security deposits	10,021	10,084
Other liabilities related to properties sold or held for sale	112	469
Total liabilities	1,292,828	1,468,982
Equity		
Shareholders' equity		
Shares of beneficial interest; \$0.01 par value; 100,000 shares authorized: 59,724 and 52,434 shares issued and outstanding, respectively	598	526
Additional paid in capital	942,884	777,375
Distributions in excess of net income	(179,639)	(138,936)
Accumulated other comprehensive income (loss)	(2,080)	(2,335)
Total shareholders' equity	761,763	636,630
Noncontrolling interests in subsidiaries	3,806	3,795

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Total equity	765,569	640,425
Total liabilities and shareholders' equity	\$ 2,058,397	\$ 2,109,407

(1) As adjusted (see Current Report on Form 8-K filed July 10, 2009 and Note 3 to the consolidated financial statements)
See accompanying notes to the financial statements.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenue				
Real estate rental revenue	\$ 75,607	\$ 69,798	\$ 229,063	\$ 206,405
Expenses				
Real estate expenses	25,868	23,790	78,409	68,283
Depreciation and amortization	23,643	21,240	70,095	62,213
General and administrative	3,834	2,731	10,732	8,812
	53,345	47,761	159,236	139,308
Real estate operating income	22,262	22,037	69,827	67,097
Other income (expense)				
Interest expense	(18,224)	(18,447)	(57,221)	(56,187)
Other income	262	338	921	796
Gain from non-disposal activities	62	17	62	17
Gain (loss) on extinguishment of debt, net	(133)		6,931	(8,449)
	(18,033)	(18,092)	(49,307)	(63,823)
Income from continuing operations	4,229	3,945	20,520	3,274
Discontinued operations:				
Gain on sale of real estate	5,147		11,821	15,275
Income from operations of properties held for sale	227	684	1,304	3,416
Net income	9,603	4,629	33,645	21,965
Less: Net income attributable to noncontrolling interests in subsidiaries	(53)	(48)	(154)	(158)
Net income attributable to the controlling interests	\$ 9,550	\$ 4,581	\$ 33,491	\$ 21,807
Basic net income attributable to the controlling interests per share				
Continuing operations	\$ 0.07	\$ 0.08	\$ 0.36	\$ 0.06
Discontinued operations, including gain on sale of real estate	0.09	0.01	0.24	0.39
Net income attributable to the controlling interests per share	\$ 0.16	\$ 0.09	\$ 0.60	\$ 0.45
Diluted net income attributable to the controlling interests per share				
Continuing operations	\$ 0.07	\$ 0.08	\$ 0.36	\$ 0.06
Discontinued operations, including gain on sale of real estate	0.09	0.01	0.24	0.39

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Net income attributable to the controlling interests per share	\$ 0.16	\$ 0.09	\$ 0.60	\$ 0.45
Weighted average shares outstanding basic	58,556	49,599	55,936	48,057
Weighted average shares outstanding diluted	58,571	49,725	55,940	48,202
Dividends declared and paid per share	\$ 0.4325	\$ 0.4325	\$ 1.2975	\$ 1.2875

See accompanying notes to the financial statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Shares of Beneficial Interest at Shares	Par Value	Additional Paid in Capital	Distributions in Excess of Net Income Attributable to the Controlling Interest	Accumulated Other Comprehensive Income	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2008 ⁽¹⁾	52,434	\$ 526	\$ 777,375	\$ (138,936)	\$ (2,335)	\$ 636,630	\$ 3,795	\$ 640,425
Comprehensive income:								