

RAMCO GERSHENSON PROPERTIES TRUST  
Form 10-Q  
October 30, 2015

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 ACT OF 1934

For the quarterly period ended September 30, 2015

Commission file number 1-10093

RAMCO-GERSHENSON PROPERTIES TRUST  
(Exact name of registrant as specified in its charter)

MARYLAND 13-6908486  
(State of other jurisdiction of incorporation or (I.R.S Employer Identification Numbers)  
organization)

31500 Northwestern Highway, Suite 300 48334  
Farmington Hills, Michigan (Zip Code)  
(Address of principal executive offices)

248-350-9900  
(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 (§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 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   
(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).

Yes  No

Number of common shares of beneficial interest (\$0.01 par value) of the registrant outstanding as of October 21, 2015: 79,162,358

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## PART 1 – FINANCIAL INFORMATION

## Item 1. Unaudited Condensed Consolidated Financial Statements

RAMCO-GERSHENSON PROPERTIES TRUST  
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	September 30, 2015 (unaudited)	December 31, 2014
<b>ASSETS</b>		
Income producing properties, at cost:		
Land	\$392,927	\$341,388
Buildings and improvements	1,799,554	1,592,644
Less accumulated depreciation and amortization	(322,290)	(287,177)
Income producing properties, net	1,870,191	1,646,855
Construction in progress and land available for development or sale	59,405	74,655
Net real estate	1,929,596	1,721,510
Equity investments in unconsolidated joint ventures	4,236	28,733
Cash and cash equivalents	7,413	9,335
Restricted cash	8,352	8,163
Accounts receivable (net of allowance for doubtful accounts of \$2,684 and \$2,292 as of September 30, 2015 and December 31, 2014, respectively)	16,070	11,997
Acquired lease intangibles, net	95,657	77,045
Other assets, net	93,126	91,596
<b>TOTAL ASSETS</b>	<b>\$2,154,450</b>	<b>\$1,948,379</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Notes payable	\$1,103,903	\$921,705
Capital lease obligation	1,148	1,828
Accounts payable and accrued expenses	42,295	44,232
Acquired lease intangibles, net	66,551	54,278
Other liabilities	12,112	10,106
Distributions payable	18,842	17,951
<b>TOTAL LIABILITIES</b>	<b>1,244,851</b>	<b>1,050,100</b>
<b>Commitments and Contingencies</b>		
Ramco-Gershenson Properties Trust ("RPT") Shareholders' Equity:		
Preferred shares, \$0.01 par, 2,000 shares authorized: 7.25% Series D Cumulative Convertible Perpetual Preferred Shares, (stated at liquidation preference \$50 per share), 1,849 and 2,000 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	\$92,427	\$100,000
Common shares of beneficial interest, \$0.01 par, 120,000 shares authorized, 79,162 and 77,573 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	792	776
Additional paid-in capital	1,155,798	1,130,262
Accumulated distributions in excess of net income	(360,234)	(356,715)
Accumulated other comprehensive loss	(3,888)	(1,966)
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO RPT</b>	<b>884,895</b>	<b>872,357</b>
Noncontrolling interest	24,704	25,922

TOTAL SHAREHOLDERS' EQUITY	909,599	898,279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,154,450	\$1,948,379

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

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RAMCO-GERSHENSON PROPERTIES TRUST  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<b>REVENUE</b>				
Minimum rent	\$47,324	\$40,735	\$135,002	\$114,056
Percentage rent	25	54	396	207
Recovery income from tenants	15,238	12,725	43,522	36,829
Other property income	1,161	1,047	2,870	2,586
Management and other fee income	312	582	1,422	1,528
<b>TOTAL REVENUE</b>	<b>64,060</b>	<b>55,143</b>	<b>183,212</b>	<b>155,206</b>
<b>EXPENSES</b>				
Real estate taxes	9,670	7,217	27,791	21,931
Recoverable operating expense	7,234	6,440	21,358	18,338
Other non-recoverable operating expense	1,101	942	2,808	2,626
Depreciation and amortization	22,914	19,178	64,397	60,577
Acquisition costs	267	1,189	574	1,722
General and administrative expense	4,020	5,395	14,368	16,095
Provision for impairment	—	—	2,521	—
<b>TOTAL EXPENSES</b>	<b>45,206</b>	<b>40,361</b>	<b>133,817</b>	<b>121,289</b>
<b>OPERATING INCOME</b>	<b>18,854</b>	<b>14,782</b>	<b>49,395</b>	<b>33,917</b>
<b>OTHER INCOME AND EXPENSES</b>				
Other expense, net	(171	) (243	) (362	) (615
Gain on sale of real estate	4,536	258	8,005	2,930
Earnings (loss) from unconsolidated joint ventures	13,977	455	16,972	(336
Interest expense	(10,091	) (8,645	) (30,118	) (23,876
Amortization of deferred financing fees	(389	) (342	) (1,053	) (1,115
Gain on remeasurement of unconsolidated joint ventures	7,892	—	7,892	117
Gain (loss) on extinguishment of debt	27	—	1,414	(860
<b>INCOME BEFORE TAX</b>	<b>34,635</b>	<b>6,265</b>	<b>52,145</b>	<b>10,162</b>
Income tax provision	(29	) (2	) (306	) (18
<b>NET INCOME</b>	<b>34,606</b>	<b>6,263</b>	<b>51,839</b>	<b>10,144</b>
Net income attributable to noncontrolling partner interest	(940	) (180	) (1,416	) (303
<b>NET INCOME ATTRIBUTABLE TO RPT</b>	<b>33,666</b>	<b>6,083</b>	<b>50,423</b>	<b>9,841</b>
Preferred share dividends	(1,675	) (1,813	) (5,162	) (5,438
Preferred share conversion costs	—	—	(500	) —
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	<b>\$31,991</b>	<b>\$4,270</b>	<b>\$44,761</b>	<b>\$4,403</b>

**EARNINGS PER COMMON SHARE**

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Basic	\$0.39	\$0.06	\$0.57	\$0.06
Diluted	\$0.38	\$0.06	\$0.57	\$0.06
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	79,162	74,840	78,742	70,283
Diluted	85,881	75,080	78,939	70,520
<b>OTHER COMPREHENSIVE INCOME</b>				
Net income	\$34,606	\$6,263	\$51,839	\$10,144
Other comprehensive (loss) gain:				
(Loss) gain on interest rate swaps	(1,661	) 1,236	(1,976	) (840
Comprehensive income	32,945	7,499	49,863	9,304
Comprehensive income attributable to noncontrolling interest (as revised)	(895	) (218	) (1,362	) (274
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO RPT (AS REVISED)</b>	<b>\$32,050</b>	<b>\$7,281</b>	<b>\$48,501</b>	<b>\$9,030</b>

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

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RAMCO-GERSHENSON PROPERTIES TRUST  
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY  
For the Nine Months Ended September 30, 2015  
(In thousands)  
(Unaudited)

	Shareholders' Equity of Ramco-Gershenson Properties Trust							
	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity	
Balance, December 31, 2014	\$100,000	\$776	\$1,130,262	\$(356,715 )	\$(1,966 )	\$25,922	\$898,279	
Issuance of common shares	—	9	17,101	—	—	—	17,110	
Conversion and redemption of OP unit holders	—	—	—	—	—	(1,225 )	(1,225 )	
Conversion of preferred shares	(7,573 )	5	7,568	(500 )	—	—	(500 )	
Share-based compensation and other expense, net of shares withheld for employee taxes	—	2	867	—	—	—	869	
Dividends declared to common shareholders	—	—	—	(48,033 )	—	—	(48,033 )	
Dividends declared to preferred shareholders	—	—	—	(5,162 )	—	—	(5,162 )	
Distributions declared to noncontrolling interests	—	—	—	—	—	(1,355 )	(1,355 )	
Dividends declared to deferred shares	—	—	—	(247 )	—	—	(247 )	
Other comprehensive income adjustment	—	—	—	—	(1,922 )	(54 )	(1,976 )	
Net income	—	—	—	50,423	—	1,416	51,839	
Balance, September 30, 2015	\$92,427	\$792	\$1,155,798	\$(360,234 )	\$(3,888 )	\$24,704	\$909,599	

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

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RAMCO GERSHENSON PROPERTIES TRUST  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>OPERATING ACTIVITIES</b>		
Net income	\$51,839	\$10,144
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	64,397	60,577
Amortization of deferred financing fees	1,053	1,115
Income tax provision	306	18
(Earnings) loss from unconsolidated joint ventures	(16,972)	) 336
Distributions received from operations of unconsolidated joint ventures	1,410	1,759
Provision for impairment	2,521	—
(Gain) loss on extinguishment of debt	(1,414)	) 860
Gain on remeasurement of unconsolidated joint ventures	(7,892)	) (117 )
Gain on sale of real estate	(8,005)	) (2,930 )
Amortization of premium on mortgages, net	(1,225)	) (791 )
Share-based compensation expense	1,340	1,618
Long-term incentive cash compensation (benefit) expense	(400)	) 1,588
Changes in assets and liabilities:		
Accounts receivable, net	(4,073)	) (1,953 )
Acquired lease intangibles and other assets, net	2,090	2,433
Accounts payable, acquired lease intangibles and other liabilities	(8,415)	) 2,954
Net cash provided by operating activities	76,560	77,611
<b>INVESTING ACTIVITIES</b>		
Acquisition of real estate	\$(152,923)	) \$(263,463 )
Development and capital improvements	(42,906)	) (56,774 )
Net proceeds from sales of real estate	25,375	10,753
Distributions from sale of joint venture property	8,173	—
Increase in restricted cash	(189)	) (1,465 )
Net cash used in investing activities	(162,470)	) (310,949 )
<b>FINANCING ACTIVITIES</b>		
Proceeds of mortgages and notes payable	\$100,000	\$175,000
Repayment of mortgages and notes payable	(91,381)	) (152,673 )
Net proceeds on revolving credit facility	115,000	93,000
Payment of deferred financing costs	(429)	) (764 )
Proceeds, net of costs, from issuance of common stock	17,110	170,404
Repayment of capitalized lease obligation	(680)	) (269 )
Redemption or conversion of operating partnership units for cash	(1,225)	) (84 )
Conversion of preferred shares	(500)	) —
Dividends paid to preferred shareholders	(5,300)	) (5,438 )
Dividends paid to common shareholders	(47,259)	) (38,540 )
Distributions paid to operating partnership unit holders	(1,348)	) (1,267 )
Net cash provided by financing activities	83,988	239,369

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Net change in cash and cash equivalents	(1,922	) 6,031
Cash and cash equivalents at beginning of period	9,335	5,795
Cash and cash equivalents at end of period	\$7,413	\$11,826

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY

Assumption of debt related to acquisitions	\$60,048	\$58,634
Revaluation of capital lease obligation	\$—	\$4,697

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest (net of capitalized interest of \$1,054 and \$1,606 in 2015 and 2014, respectively)	\$29,808	\$24,529
Cash paid for federal income taxes	\$—	\$—

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

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RAMCO-GERSHENSON PROPERTIES TRUST  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)