

WASHINGTON REAL ESTATE INVESTMENT TRUST
Form 10-Q
November 01, 2013

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, 2013

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

(State of incorporation)

53-0261100

(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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of exchange on which registered
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Shares of Beneficial Interest	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act: None

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

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
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Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

As of October 29, 2013, 66,521,481 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST
INDEX

	Page
<u>Part I: Financial Information</u>	
Item 1.	
<u>Consolidated Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheets</u>	<u>4</u>
<u>Condensed Consolidated Statements of Income</u>	<u>5</u>
<u>Consolidated Statement of Shareholders' Equity</u>	<u>6</u>
<u>Consolidated Statements of Cash Flows</u>	<u>7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>8</u>
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
Item 3.	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>37</u>
Item 4.	
<u>Controls and Procedures</u>	<u>37</u>
<u>Part II: Other Information</u>	
Item 1.	
<u>Legal Proceedings</u>	<u>39</u>
Item 1A.	
<u>Risk Factors</u>	<u>39</u>
Item 2.	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>39</u>
Item 3.	
<u>Defaults upon Senior Securities</u>	<u>39</u>
Item 4.	
<u>Mine Safety Disclosures</u>	<u>39</u>
Item 5.	
<u>Other Information</u>	<u>39</u>
Item 6.	
<u>Exhibits</u>	<u>40</u>
<u>Signatures</u>	<u>41</u>

PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Consolidated Statement of Shareholders' Equity and Consolidated 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, 2012 included in WRIT's 2012 Annual Report on Form 10-K.

3

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

	September 30, 2013	December 31, 2012
Assets		
Land	\$418,008	\$418,008
Income producing property	1,624,617	1,587,375
	2,042,625	2,005,383
Accumulated depreciation and amortization	(548,549) (497,057
Net income producing property	1,494,076	1,508,326
Properties under development or held for future development	55,580	45,270
Total real estate held for investment, net	1,549,656	1,553,596
Investment in real estate sold or held for sale, net	346,157	364,999
Cash and cash equivalents	7,923	19,105
Restricted cash	7,547	13,423
Rents and other receivables, net of allowance for doubtful accounts of \$8,271 and \$10,442, respectively	48,619	46,904
Prepaid expenses and other assets	110,116	107,303
Other assets related to properties sold or held for sale	18,337	19,046
Total assets	\$2,088,355	\$2,124,376
Liabilities		
Notes payable	\$846,576	\$906,190
Mortgage notes payable	290,838	319,025
Lines of credit	85,000	—
Accounts payable and other liabilities	57,116	50,094
Advance rents	11,749	12,925
Tenant security deposits	7,639	7,642
Liabilities related to properties sold or held for sale	31,275	32,357
Total liabilities	1,330,193	1,328,233
Equity		
Shareholders' equity		
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest; \$0.01 par value; 100,000 shares authorized: 66,500 and 66,437 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively	665	664
Additional paid in capital	1,148,837	1,145,515
Distributions in excess of net income	(395,816) (354,122
Total shareholders' equity	753,686	792,057
Noncontrolling interests in subsidiaries	4,476	4,086
Total equity	758,162	796,143
Total liabilities and equity	\$2,088,355	\$2,124,376

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (IN THOUSANDS, EXCEPT PER SHARE DATA)
 (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue				
Real estate rental revenue	\$65,828	\$64,471	\$196,303	\$190,134
Expenses				
Real estate expenses	23,243	22,527	69,467	64,820
Depreciation and amortization	21,168	21,682	63,328	63,593
Acquisition costs	148	(164) 448	144
General and administrative	3,850	3,173	11,717	10,943
	48,409	47,218	144,960	139,500
Real estate operating income	17,419	17,253	51,343	50,634
Other income (expense)				
Interest expense	(15,930) (14,886) (47,944)