

SPIRIT REALTY CAPITAL, INC.

Form 10-Q

November 08, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

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 001-11290

SPIRIT REALTY CAPITAL, INC.

(Exact name of registrant as specified in its charter)

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Maryland
(State or other jurisdiction of
incorporation or organization)

20-0175773
(I.R.S. Employer
Identification No.)

14631 North Scottsdale Road, Suite 200

Scottsdale, Arizona 85254

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (480) 606-0820

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 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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. (Check one):

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date. 84,851,515 shares of common stock, \$0.01 par value, outstanding as of November 6, 2012.

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SPIRIT REALTY CAPITAL, INC.
(F/K/A SPIRIT FINANCE CORPORATION)

Condensed Consolidated Balance Sheets

(In Thousands, Except Share and Per Share Data)

	September 30, 2012 <i>(Unaudited)</i>	December 31, 2011
Assets		
Investments:		
Real estate investments:		
Land and improvements	\$ 1,309,158	\$ 1,297,020
Buildings and improvements	2,003,204	1,975,708
Total real estate investments	3,312,362	3,272,728
Less: accumulated depreciation	(471,912)	(405,426)
	2,840,450	2,867,302
Loans receivable, net	52,619	65,477
Intangible lease assets, net	197,842	204,696
Real estate assets held for sale, net	16,200	9,634
Net investments	3,107,111	3,147,109
Cash and cash equivalents	45,401	49,536
Deferred costs and other assets, net	52,629	34,916
Total assets	\$ 3,205,141	\$ 3,231,561
Liabilities and stockholders equity		
Liabilities:		
Term note payable, net	\$ 725,735	\$ 725,735
Mortgages and notes payable, net	1,904,944	1,901,411
Intangible lease liabilities, net	46,413	46,221
Accounts payable, accrued expenses and other liabilities	29,243	31,834
Total liabilities	1,980,600	2,705,201
Commitments and contingencies (see Note 7)		
Stockholders equity:		
Series A Cumulative Preferred Stock, \$0.01 par value per share, 20 million shares authorized, 125 shares issued and outstanding	84	84
Common stock, \$0.01 par value per share, 100 million shares authorized, 80,501,515 and 25,863,976 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	805	259
Capital in excess of par value	1,766,033	1,004,065
Accumulated deficit	(541,547)	(470,496)
Accumulated other comprehensive loss	(834)	(7,552)
Total stockholders equity	1,224,541	526,360
Total liabilities and stockholders equity	\$ 3,205,141	\$ 3,231,561

See accompanying notes.

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Condensed Consolidated Statements of Operations

*(In Thousands, Except Share and Per Share Data)**(Unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Rentals	\$ 69,030	\$ 67,056	\$ 205,852	\$ 199,303
Interest income on loans receivable	1,483	1,667	4,496	5,120
Interest income and other	164	237	709	702
Total revenues	70,677	68,960	211,057	205,125
Expenses:				
General and administrative	17,402	9,940	31,463	22,647
Litigation				151
Property costs	1,028	1,346	3,302	4,010
Interest	42,115	43,517	123,346	126,518
Depreciation and amortization	27,760	27,397	83,114	82,389
Impairments	150	2,007	9,000	2,038
Total expenses	88,455	84,207	250,225	237,753
Loss from continuing operations before other income (expense) and income tax expense (benefit)	(17,778)	(15,247)	(39,168)	(32,628)
Other income (expense):				
Loss on debt extinguishment	(32,522)		(32,522)	
Total other income (expense)	(32,522)		(32,522)	
Loss from continuing operations before income tax expense (benefit)	(50,300)	(15,247)	(71,690)	(32,628)
Income tax expense (benefit)	74	(146)	394	(37)
Loss from continuing operations	(50,374)	(15,101)	(72,084)	(32,591)
Discontinued operations:				
Loss from discontinued operations	(506)	(4,478)	(1,349)	(10,782)
Net gain (loss) on dispositions of assets	1,021	(1,642)	2,390	(2,182)
Income (loss) from discontinued operations	515	(6,120)	1,041	(12,964)
Net loss	(49,859)	(21,221)	(71,043)	(45,555)
Less: preferred dividends			(8)	(8)
Net loss attributable to common stockholders	\$ (49,859)	\$ (21,221)	\$ (71,051)	\$ (45,563)
Net loss per share of common stock basic and diluted				
Continuing operations	\$ (1.72)	\$ (0.58)	\$ (2.67)	\$ (1.26)
Discontinued operations	0.02	(0.24)	0.04	(0.50)

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Net loss	\$	(1.70)	\$	(0.82)	\$	(2.63)	\$	(1.76)
Weighted average common shares outstanding:								
Basic and diluted		29,351,839		25,863,976		27,035,083		25,863,976

See accompanying notes.

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SPIRIT REALTY CAPITAL, INC.

(F/K/A SPIRIT FINANCE CORPORATION)

Condensed Consolidated Statements of Comprehensive Loss

(In Thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net loss	\$ (49,859)	\$ (21,221)	\$ (71,043)	\$ (45,555)
Other comprehensive loss:				
Change in net unrealized losses on cash flow hedges	(433)	(93)	(873)	(665)
Net cash flow hedge losses reclassified to operations	5,191	1,122	7,591	3,674
Total comprehensive loss	\$ (45,101)	\$ (20,192)	\$ (64,325)	\$ (42,546)

See accompanying notes.

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SPIRIT REALTY CAPITAL, INC.

(F/K/A SPIRIT FINANCE CORPORATION)

Condensed Consolidated Statement of Stockholders' Equity

(In Thousands, Except Share Data)

(Unaudited)

Series A	Series A		Common	Capital in			
Cumulative	Cumulative		Stock	Excess of Par	Accumulated		
Preferred	Preferred	Common	Par Value	Value	Deficit	Accumulated	
Shares	Value	Shares					