

PRICE LEGACY CORP
Form 10-Q
May 14, 2003

**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 the quarter ended March 31, 2003

Commission File Number 0-20449

PRICE LEGACY CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

33-0628740
(I.R.S. Employer
Identification No.)

17140 Bernardo Center Drive, Suite 300, San Diego, California 92128
(Address of principal executive offices) (Zip Code)

(858) 675-9400
(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

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

The registrant had 36,999,082 shares of common stock, par value \$.0001 per share, outstanding at May 13, 2003.

PRICE LEGACY CORPORATION

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

PRICE LEGACY CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31 2003 (unaudited)	December 31 2002
ASSETS		
Real estate assets		
Land and land improvements	\$ 444,291	\$ 446,331
Building and improvements	669,566	668,671
Construction in progress	40,967	35,235
	1,154,824	1,150,237
Less accumulated depreciation	(38,785)	(34,617)
	1,116,039	1,115,620
Investment in real estate joint ventures	26,081	26,019
Cash and cash equivalents	22,771	20,258
Accounts receivable, net of allowance of \$1,993 and \$1,669	6,362	6,036
Notes receivable	63,622	62,788
Interest receivable	15,063	16,032
Deferred rents	10,369	9,460
Other assets	16,156	16,805
Total assets	\$ 1,276,463	\$ 1,273,018
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Mortgages and notes payable	\$ 487,548	\$ 487,811
Revolving line of credit	65,900	60,300
Accounts payable and other liabilities	30,169	31,341
Total liabilities	583,617	579,452
Commitments		
Minority interests	595	595
Stockholders equity		
Series A preferred stock, cumulative, redeemable, \$0.0001 par value, 27,849,771 shares authorized, 27,434,166 shares issued and outstanding	399,615	399,615
Series B preferred stock, junior, convertible, redeemable, \$0.0001 par value, 27,458,855 shares authorized, 19,666,754 shares issued and outstanding	106,234	106,234
Common stock, \$0.0001 par value, 94,691,374 shares authorized, 36,999,082 and 37,255,748 issued and outstanding	4	4
Additional paid-in capital	196,019	196,019
Treasury stock at cost, 3,727,593 and 3,470,927 shares	(12,078)	(11,299)
Accumulated other comprehensive loss	(1,649)	(921)
Retained earnings	4,106	3,319
Total stockholders equity	692,251	692,971

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Total liabilities and stockholders' equity	\$	1,276,463	\$	1,273,018
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See accompanying notes.

PRICE LEGACY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited - amounts in thousands, except per share data)

	First Quarter Three Months Ended March 31	
	2003	2002
Rental revenues	\$ 31,957	\$ 27,581
Expenses		
Operating and maintenance	6,213	4,990
Property taxes	3,813	3,158
Depreciation and amortization	4,396	4,103
General and administrative	1,984	2,804
Total expenses	16,406	15,055
Operating income	15,551	12,526
Interest and other		
Interest expense	(6,610)	(6,242)
Interest income	812	1,269
Equity in earnings of joint ventures	149	178
Total interest and other	(5,649)	(4,795)
Income from continuing operations before gain on sale of real estate	9,902	7,731
Net gain on sale of real estate	691	287
Income from continuing operations	10,593	8,018
Discontinued operations:		
Income from operations	7	1,144
Net loss on sale of real estate	(211)	(204)
Net income	10,389	9,162