FOREST CITY ENTERPRISES INC
Form 10-Q
May 04, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

¨ 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 1-4372

FOREST CITY ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation or organization)		34-0863886 (I.R.S. Employer Identification No.)
Terminal Tower Suite 1100	50 Public Square Cleveland, Ohio	44113
(Address of principal executive offices)		(Zip Code)

216-621-6060
(Registrant’s telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date 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 ý 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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	ý	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

Indicate the number of shares outstanding, including unvested restricted stock, of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2015
Class A Common Stock, $.33 1/3 par value	196,047,329 shares
Class B Common Stock, $.33 1/3 par value	18,940,837 shares

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements
Forest City Enterprises, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	March 31, 2015 (Unaudited)	December 31, 2014
	(in thousands)	
Assets		
Real Estate		
Completed rental properties	$7,822,881	$ 7,753,561
Projects under construction and development	536,966	477,957
Land inventory	96,675	97,469
Total Real Estate	8,456,522	8,328,987
Less accumulated depreciation	(1,606,124)	(1,555,965)
Real Estate, net – (variable interest entities $474.3 million and $427.8 million, respectively)	6,850,398	6,773,022
Cash and equivalents – (variable interest entities $23.7 million and $20.6 million, respectively)	190,905	326,518
Restricted cash – (variable interest entities $25.5 million and $28.6 million, respectively)	250,557	266,530
Notes and accounts receivable, net	436,599	419,038
Investments in and advances to unconsolidated entities	669,605	620,466
Other assets – (variable interest entities $21.6 million and $19.6 million, respectively)	397,327	409,366
Total Assets	$8,795,391	$ 8,814,940
Liabilities and Equity		
Liabilities		
Mortgage debt and notes payable, nonrecourse – (variable interest entities $224.5 million and $250.7 million, respectively)	$4,202,440	$ 4,238,201
Revolving credit facility	59,950	—
Convertible senior debt	411,194	700,000
Accounts payable, accrued expenses and other liabilities – (variable interest entities $67.9 million and $42.6 million, respectively)	832,313	847,011
Cash distributions and losses in excess of investments in unconsolidated entities	211,255	211,493
Deferred income taxes	486,101	482,474
Total Liabilities	6,203,253	6,479,179
Redeemable Noncontrolling Interest	178,050	183,038
Commitments and Contingencies	—	—
Equity		
Shareholders' Equity		
Preferred stock – without par value; 20,000,000 shares authorized; no shares issued	—	—
Common stock – $.33 1/3 par value		
Class A, 371,000,000 shares authorized, 194,880,873 and 180,859,262 shares issued and 193,501,911 and 179,763,952 shares outstanding, respectively	64,960	60,286
Class B, convertible, 56,000,000 shares authorized, 18,942,503 and 19,208,517 shares issued and outstanding, respectively; 26,257,961 issuable	6,314	6,403

Total common stock	71,274	66,689
Additional paid-in capital	1,469,273	1,165,828
Retained earnings	508,989	563,198
Less treasury stock, at cost; 1,378,962 and 1,095,310 Class A shares, respectively	(26,013)	(18,922)
Shareholders’ equity before accumulated other comprehensive loss	2,023,523	1,776,793
Accumulated other comprehensive loss	(57,372)	(58,846)
Total Shareholders’ Equity	1,966,151	1,717,947
Noncontrolling interest	447,937	434,776
Total Equity	2,414,088	2,152,723
Total Liabilities and Equity	$8,795,391	$ 8,814,940

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

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Forest City Enterprises, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2015	2014
	(in thousands, except per share data)	
Revenues		
Rental	$ 141,106	$ 127,921
Tenant recoveries	30,725	33,522
Service and management fees	9,620	12,987
Parking and other	11,876	12,148
Arena	28,820	35,357
Land sales	8,663	16,707
Military Housing	6,272	10,895
Total revenues	237,082	249,537
Expenses		
Property operating and management	93,018	101,091
Real estate taxes	20,788	20,206
Ground rent	2,628	1,880
Arena operating	19,958	23,476
Cost of land sales	2,311	6,365
Military Housing operating	2,225	6,524
Corporate general and administrative	13,503	11,561
REIT conversion and reorganization costs	6,212	—
	160,643	171,103
Depreciation and amortization	61,814	55,009
Total expenses	222,457	226,112
Operating income	14,625	23,425
Interest and other income	9,704	11,503
Net loss on disposition of partial interest in rental properties	—	(467)
Net gain on change in control of interests	—	2,759
Interest expense	(52,576)	(62,452)
Amortization of mortgage procurement costs	(2,101)	(2,125)
Loss on extinguishment of debt	(35,154)	(164)
Loss before income taxes	(65,502)	(27,521)
Income tax expense (benefit)		
Current	(1,744)	35,934
Deferred	2,559	(32,003)
	815	3,931
Earnings from unconsolidated entities, gross of tax	9,313	34,029
Earnings (loss) from continuing operations	(57,004)	2,577
Discontinued operations, net of tax		
Operating loss from rental properties	—	(2,641)
Gain on disposition of rental properties	—	14,513
	—	11,872
Net earnings (loss)	(57,004)	14,449
Noncontrolling interests		
Loss from continuing operations attributable to noncontrolling interests, gross of tax	2,795	1,121

Earnings from discontinued operations attributable to noncontrolling interests	—	(50)
	2,795	1,071
Net earnings (loss) attributable to Forest City Enterprises, Inc.	$ (54,209)	$ 15,520
Basic earnings (loss) per common share		
Earnings (loss) from continuing operations attributable to common shareholders	$ (0.27)	$ 0.02
Earnings from discontinued operations attributable to common shareholders	—	0.06
Net earnings (loss) attributable to common shareholders	$ (0.27)	$ 0.08
Diluted earnings (loss) per common share		
Earnings (loss) from continuing operations attributable to common shareholders	$ (0.27)	$ 0.02
Earnings from discontinued operations attributable to common shareholders	—	0.06
Net earnings (loss) attributable to common shareholders	$ (0.27)	$ 0.08

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

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Forest City Enterprises, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Net earnings (loss)	$(57,004)	$14,449
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments (net of tax of $30 and $0, respectively)	(48)	—
Unrealized net gains on interest rate derivative contracts (net of tax of $(964) and $(3,814), respectively)	1,525	6,029
Total other comprehensive income, net of tax	1,477	6,029
Comprehensive income (loss)	(55,527)	20,478
Comprehensive loss attributable to noncontrolling interest	2,792	1,062
Total comprehensive income (loss) attributable to Forest City Enterprises, Inc.	$(52,735)	$21,540

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

Forest City Enterprises, Inc. and Subsidiaries
Consolidated Statements of Equity
(Unaudited)

	Common Stock Class A		Class B		Additional Paid-In	Retained	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Noncontrolling	
	Shares	Amount	Shares	Amount	Capital	Earnings	Shares	Amount		Interest	Total
	(in thousands)										
Balances at December 31, 2013	178,499	$59,500	20,173	$6,725	$1,095,748	$570,793	942	$(15,978)	$(76,582)	$285,913	$1,926,11
Net loss, net of $17,095 attributable to redeemable noncontrolling interest						(7,595)				3,670	(3,925
Other comprehensive income, net of tax									17,736	55	17,791
Purchase of treasury stock							215	(4,009)			(4,009
Conversion of Class B to Class A shares	964	322	(964)	(322)							—
Restricted stock vested	723	240			(240)						—
Exercise of stock options					(276)		(62)	1,065			789
Stock-based compensation					19,673						19,673
Write-off of deferred tax asset related to expired stock options					(419)						(419
Exchange of Class A Common Units for Class A shares	673	224			34,134					(34,358)	—
Redeemable noncontrolling interest adjustment					(28,390)						(28,390
Acquisition of partners' noncontrolling interest in consolidated subsidiaries					(32,505)					(67,358)	(99,863
										175,274	175,274

Contributions from noncontrolling interests											
Distributions to noncontrolling interests										(14,634)	(14,634
Adjustment due to change in ownership of consolidated subsidiaries					78,103					(82,038)	(3,935
Change in control of equity method subsidiary										168,252	168,252
Balances at December 31, 2014	180,859	$60,286	19,209	$6,403	$1,165,828	$563,198	1,095	$(18,922)	$(58,846)	$434,776	$2,152,72
Net loss, net of $4,988 attributable to redeemable noncontrolling interest						(54,209)				2,193	(52,016
Other comprehensive income, net of tax									1,474	3	1,477
Purchase of treasury stock							26	(588)			(588
Conversion of Class B to Class A shares	266	89	(266)	(89)							—
Proceeds and Class A shares received from termination of Convertible Senior Notes hedge					24,321		258	(6,503)			17,818
Issuance of Class A shares in exchange for Convertible Senior Notes	13,645	4,548			272,208						276,756
Restricted stock vested	111	37			(37)						—
Stock-based compensation					6,917						6,917
Write-off of deferred tax asset related to expired stock options					(135)						(135
Acquisition of partners' noncontrolling interest in consolidated subsidiaries					(308)						(308

Contributions from noncontrolling interests										16,055	16,055
Distributions to noncontrolling interests										(4,553)	(4,553
Adjustment due to change in ownership of consolidated subsidiaries					479					(537)	(58
Balances at March 31, 2015 (Unaudited)	194,881	$64,960	18,943	$6,314	$1,469,273	$508,989	1,379	$(26,013)	$(57,372)	$447,937	$2,414,088

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

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Forest City Enterprises, Inc. and Subsidiaires
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Net earnings (loss)	$(57,004)	$14,449
Depreciation and amortization	61,814	55,009
Amortization of mortgage procurement costs	2,101	2,125
Loss on extinguishment of debt	35,154	164
Net loss on disposition of partial interest in rental properties	—	467
Net gain on change in control of interests	—	(2,759)
Deferred income tax expense (benefit)	2,559	(32,003)
Earnings from unconsolidated entities	(9,313)	(34,029)
Stock-based compensation expense	5,255	3,966
Amortization and mark-to-market adjustments of derivative instruments	(2,182)	5,524
Cash distributions from operations of unconsolidated entities	11,078	11,431
Non-cash operating expenses and deferred taxes included in discontinued operations	—	9,942
Gain on disposition of rental properties included in discontinued operations	—	(26,824)
Decrease in land inventory	666	4,185
Increase in notes and accounts receivable	(11,000)	(6,653)
Increase in other assets	(3,777)	(3,261)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(22,359)	18,188
Net cash provided by operating activities	12,992	19,921
Cash flows from investing activities		
Capital expenditures	(74,989)	(90,753)
Acquisitions	(11,119)	(19,988)
Payment of lease procurement costs	(2,930)	(648)
Increase in notes receivable	(8,722)	(225)
Decrease in restricted cash used for investing purposes	15,973	10,779
Proceeds from disposition of rental properties	1,400	28,680
Contributions to investments in and advances to unconsolidated entities	(43,140)	(21,161)
Distributions from investments in and advances to unconsolidated entities	4,000	44,178
Net cash used in investing activities	(119,527)	(49,138)
Cash flows from financing activities		
Proceeds from nonrecourse mortgage debt and notes payable	6,260	103,090
Principal payments on nonrecourse mortgage debt and notes payable	(78,297)	(97,171)
Borrowings on revolving credit facility	65,950	85,225
Payments on revolving credit facility	(6,000)	(85,225)
Payments to noteholders related to exchange of convertible senior notes	(37,752)	—
Transaction costs related to exchange of convertible senior notes	(4,675)	—
Proceeds received from termination of convertible senior note hedge	17,818	—
Payments of deferred financing costs	(2,988)	(1,278)
Purchase of treasury stock	(588)	(100)
Exercise of stock options	—	181
Acquisitions of noncontrolling interests	(308)	(8,125)
Contributions from noncontrolling interests	16,055	1,554
Distributions to noncontrolling interests	(4,553)	(4,972)
Net cash used in financing activities	(29,078)	(6,821)

Net decrease in cash and equivalents	(135,613)	(36,038)
Cash and equivalents at beginning of period	326,518	280,206
Cash and equivalents at end of period	$190,905	$244,168

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

A. Accounting Policies

Basis of Presentation

The interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the consolidated financial statements and related notes included in the Company's annual report on Form 10-K for the year ended December 31, 2014, as amended on Form 10-K/A's on March 19, 2015 and May 4, 2015. The results of interim periods are not necessarily indicative of results for the full year or any subsequent period. In management's opinion, all adjustments (consisting solely of normal recurring matters) necessary for a fair statement of financial position, results of operations and cash flows at the dates and for the periods presented have been included.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Company to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related notes. Some of the critical estimates include, but are not limited to, determination of the primary beneficiary of variable interest entities ("VIEs"), estimates of useful lives for long-lived assets, reserves for collection on accounts and notes receivable and other investments, the fair value estimate of redeemable noncontrolling interest, impairment of real estate and other-than-temporary impairments on equity method investments. As a result of the nature of estimates, actual results could differ.

Reclassifications

During the three months ended June 30, 2014, the Company established several new financial statement line items within the Revenue and Expense sections of the Consolidated Statement of Operations to provide the financial statement user additional details of the components of total revenues and total expenses. Accordingly, comparable amounts for the three months ended March 31, 2014 have been reclassified.

Planned REIT Conversion

On January 13, 2015, the Company announced its Board of Directors approved a plan to pursue conversion to Real Estate Investment Trust ("REIT") status. The Company expects to elect REIT status for its taxable year beginning January 1, 2016, subject to business conditions, the completion of related preparatory work and obtaining necessary third-party consents.

Variable Interest Entities

As of March 31, 2015, the Company determined it was the primary beneficiary of 24 VIEs representing 21 consolidated properties. The creditors of the consolidated VIEs do not have recourse to the Company's general credit. As of March 31, 2015, the Company determined it was not the primary beneficiary of 66 VIEs and accounts for these interests as equity method investments. The maximum exposure to loss of these unconsolidated VIEs is limited to $325,000,000, the Company's investment balances as of March 31, 2015.

New Accounting Guidance

The following accounting pronouncements were adopted during the three months ended March 31, 2015:

In January 2015, the FASB issued an amendment to the accounting guidance to eliminate the concept of extraordinary items from GAAP. The presentation and disclosure guidance for items that are unusual in nature or occur infrequently has been retained and expanded to include items that are both unusual in nature and infrequently occurring. This guidance was early adopted effective January 1, 2015 and did not have a material impact on the Company's consolidated financial statements.

The following new accounting pronouncements will be adopted on their respective effective dates:

In May 2014, the FASB issued an amendment to the accounting guidance for revenue from contracts with customers. The core principle of this guidance is an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance defines steps an entity should apply to achieve the core principle. This guidance is effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods within that annual period and allows for both retrospective and modified retrospective methods of adoption. Early adoption is not permitted. The Company is currently in the process of determining the method of adoption and evaluating the impact of adopting this guidance on the Company's consolidated financial statements.

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(Unaudited)

In August 2014, the FASB issued an amendment to the accounting guidance on disclosure of uncertainties about an entity's ability to continue as a going concern. This guidance requires management to assess the Company's ability to continue as a going concern and to provide disclosures under certain circumstances. This guidance is effective for annual reporting periods ending after December 15, 2016 and interim reporting periods thereafter. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued an amendment to the consolidation accounting guidance. This guidance changes the required analysis to determine whether certain types of legal entities should be consolidated. The amendment modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, eliminates the presumption that a general partner should consolidate a limited partnership and may affect the consolidation analysis of entities involved in VIEs, particularly those having fee arrangements and related party relationships. This guidance is effective for fiscal years, and for interim reporting periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company is currently in the process of evaluating the impact of adopting this guidance on its consolidated financial statements.

In April 2015, the FASB issued an Accounting Standards Update to simplify the presentation of debt issuance costs. This guidance requires that third-party debt issuance costs be presented in the balance sheet as a direct deduction from the carrying value of the debt. This guidance is effective for fiscal years, and for interim reporting periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company is currently in the process of evaluating the impact of adopting this guidance on its consolidated financial statements.

Related Party Transactions

The Company and certain of its affiliates entered into a Master Contribution and Sale Agreement (the "Master Contribution Agreement") with Bruce C. Ratner ("Mr. Ratner"), an Executive Vice President and Director, and certain entities and individuals affiliated with Mr. Ratner (the "BCR Entities") in August 2006 to purchase their interests in a total of 30 retail, office and residential operating properties and service companies in the Greater New York City metropolitan area. Pursuant to the Master Contribution Agreement, certain projects under development would remain owned jointly until each individual project was completed and achieved "stabilization." Upon stabilization, each project would be valued and the Company, in its discretion, would choose among various ownership options for the project.

Pursuant to the terms of the Master Contribution Agreement, in January 2014, the Company caused certain of its affiliates to acquire the BCR Entities' interests in 8 Spruce Street, an apartment community in Manhattan, New York, DKLB BKLN, an apartment community in Brooklyn, New York, and East River Plaza, a specialty retail center in Manhattan, New York, for $14,286,000. Prior to the transaction, the Company accounted for the three projects using the equity method of accounting and subsequently accounts for the projects as equity method investments as the partners continue to have joint control.

As a result of the March 2014 disposal of Quartermaster Plaza, a specialty retail center in Philadelphia, Pennsylvania, the Company accrued $1,646,000 during the six months ended June 30, 2014, related to a tax indemnity payment due to the BCR Entities, all of which was paid as of March 31, 2015.

Accumulated Other Comprehensive Loss

The following table summarizes the components of accumulated other comprehensive income (loss) ("accumulated OCI"):

	March 31, 2015	December 31, 2014
	(in thousands)	
Unrealized losses on foreign currency translation	$215	$ 137
Unrealized losses on interest rate contracts (1)	93,595	96,084
	93,810	96,221
Income tax benefit	(36,347)	(37,281)
Noncontrolling interest	(91)	(94)

Accumulated Other Comprehensive Loss	$57,372	$58,846

(1) Included in the amounts as of March 31, 2015 and December 31, 2014 are $70,015 and $73,536, respectively, of unrealized loss on an interest rate swap associated with New York Times office building on its nonrecourse mortgage debt with a notional amount of $640,000. This swap effectively fixes the mortgage at an all-in lender interest rate of 6.40% and expires in September 2017.

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Forest City Enterprises, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

The following table summarizes the changes, net of tax and noncontrolling interest, of accumulated OCI by component:

	Foreign Currency Translation	Interest Rate Contracts	Total
	(in thousands)		
Three Months Ended March 31, 2015			
Balance, January 1, 2015	$(84)	$(58,762)	$(58,846)
Loss recognized in accumulated OCI	(48)	(4,574)	(4,622)
Loss reclassified from accumulated OCI	—	6,096	6,096
Total other comprehensive income	(48)	1,522	1,474
Balance, March 31, 2015	$(132)	$(57,240)	$(57,372)
Three Months Ended March 31, 2014			
Balance, January 1, 2014	$(116)	$(76,466)	$(76,582)
Loss recognized in accumulated OCI	—	(2,611)	(2,611)
Loss reclassified from accumulated OCI	—	8,631	8,631
Total other comprehensive income	—	6,020	6,020
Balance, March 31, 2014	$(116)	$(70,446)	$(70,562)

The following table summarizes losses reclassified from accumulated OCI and their location on the Consolidated Statements of Operations:

Accumulated OCI Components	Loss Reclassified from Accumulated OCI	Location on Consolidated Statements of Operations
	(in thousands)	
Three Months Ended March 31, 2015		
Interest rate contracts	$8,971	Interest expense
Interest rate contracts	991	Earnings from unconsolidated entities, gross of tax
	9,962	Total before income tax and noncontrolling interest
	(3,862)	Income tax benefit
	(4)	Noncontrolling interest
	$6,096	Loss reclassified from accumulated OCI
Three Months Ended March 31, 2014		
Interest rate contracts	$9,437	Interest expense
Interest rate contracts	3,666	Discontinued operations
Interest rate contracts	1,000	Earnings from unconsolidated entities, gross of tax
	14,103	Total before income tax and noncontrolling interest
	(5,468)	Income tax benefit
	(4)	Noncontrolling interest
	$8,631	Loss reclassified from accumulated OCI

Forest City Enterprises, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Supplemental Non-Cash Disclosures
The following table represents a summary of non-cash transactions including, but not limited to, dispositions of operating properties whereby the nonrecourse mortgage debt is assumed by the buyer, acquisition of rental properties, exchanges of senior notes for Class A common stock, change in construction payables and other capital expenditures, change in the fair market value of redeemable noncontrolling interest and capitalization of stock-based compensation granted to employees directly involved with the development and construction of real estate.

	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Investing Activities		
Increase in projects under construction and development	$(12,577)	$(9,345)
(Increase) decrease in completed rental properties	(33,486)	53,285
Increase in restricted cash	—	(387)
Increase in investments in and advances to affiliates	(12,921)	(9,158)
Total effect on investing activities	$(58,984)	$34,395
Financing Activities		
Increase (decrease) in nonrecourse mortgage debt and notes payable	36,276	(33,812)
Decrease in convertible senior debt	(286,196)	—
Increase in Class A common stock	4,548	—
Increase (decrease) in additional paid-in capital	285,391	(26,473)
Increase in treasury stock	(6,503)	—
Increase in redeemable noncontrolling interest	—	28,390
(Decrease) increase in noncontrolling interest	(532)	4
Total effect on financing activities	$32,984	$(31,891)

B. Mortgage Debt and Notes Payable, Nonrecourse
The following table summarizes the mortgage debt and notes payable, nonrecourse maturities as of March 31, 2015:

Years Ending December 31,	
	(in thousands)
2015	$429,436
2016	143,888
2017	1,181,842
2018	275,939
2019	300,401
Thereafter	1,870,934
Total	$4,202,440

C. Revolving Credit Facility
The Company’s Fourth Amended and Restated Credit Agreement and Fourth Amended and Restated Guaranty of Payment of Debt, as amended to the date hereof (collectively, the “Credit Facility”), provides total available borrowings of $500,000,000, subject to certain reserve commitments to be established, as applicable, on certain dates to be used to retire convertible senior debt that becomes due during the term of the agreement. The Credit Facility matures on February 21, 2016 and provides for one, 12-month extension option, subject to certain conditions. Borrowings bear interest at London Interbank Offered Rate (“LIBOR”) plus 3.50%. Up to $100,000,000 of the available borrowings may be used, in the aggregate, for letters of credit and/or surety bonds. The Credit Facility has restrictive covenants, including a prohibition on certain consolidations and mergers, limitations on the amount of debt, guarantees and

property liens and restrictions on the pledging of ownership interests in subsidiaries. The Company may repurchase up to $100,000,000 of Class A common stock and declare or pay dividends in an amount not to exceed $24,000,000 in the aggregate in any four quarter period to Class A or B common shareholders, subject to certain conditions. The Credit Facility contains development limitations and financial covenants, including the maintenance of minimum liquidity, debt yield, debt service and cash flow coverage ratios, and specified levels of shareholders' equity (all as specified in the Credit Facility). At March 31, 2015, the Company was in compliance with all of these financial covenants.

The following table summarizes available credit on the Credit Facility:

	March 31, 2015	December 31, 2014
	(in thousands)	
Maximum borrowings	$500,000	$500,000
Less outstanding balances:		
Borrowings	59,950	—
Letters of credit	76,008	85,768
Surety bonds	—	—
Available credit	$364,042	$414,232

D. Convertible Senior Debt

The following table summarizes the Company's convertible senior debt:

	March 31, 2015	December 31, 2014
	(in thousands)	
5.000% Notes due 2016	$9,519	$50,000
4.250% Notes due 2018	229,913	350,000
3.625% Notes due 2020	171,762	300,000
Total	$411,194	$700,000

As of March 31, 2015, the remaining outstanding senior notes are convertible into Class A common stock based on conversion prices ranging from $13.91 to $24.21 per Class A common share.

During the three months ended March 31, 2015, the Company entered into separate, privately negotiated exchange agreements with certain holders of the Company's convertible senior notes. Under the terms of the various agreements, holders agreed to exchange certain notes for shares of Class A common stock and cash payments. The cash payments were primarily for accrued and unpaid interest and in consideration for additional interest payable through maturity. The additional interest payable through maturity was based in part on the daily Volume Weighted Average Price during a 20-trading day measurement period following the agreement date for the 2018 and 2020 Senior Notes exchanges. Under the accounting guidance for induced conversions of convertible debt, additional amounts paid to induce the holders to exchange the notes were expensed resulting in a loss on extinguishment of debt.

The following table summarizes the 2015 exchange agreement transactions.

Agreement Date	Issuance	Aggregate Principal	Class A Common Shares Issued	Cash Payments to Noteholders	Loss on Extinguishment
		(in thousands, except share data)			
February 26, 2015	2018 Senior Notes	$120,087	5,541,115	$13,641	$13,372
February 26, 2015	2020 Senior Notes	$128,238	5,297,885	$19,283	$19,038
March 5, 2015	2016 Senior Notes	$40,481	2,805,513	$6,163	$2,732
		$288,806	13,644,513	$39,087	$35,142

Amounts paid to noteholders for consideration of additional interest through maturity are presented as cash used in financing activities in the Consolidated Statement of Cash Flows.

In connection with the 2016 Senior Notes issuance, the Company entered into a convertible note hedge transaction intended to reduce the potential dilution with respect to the Company's Class A common stock upon conversion of the 2016 Senior Notes. On March 3, 2015, the Company terminated and settled the convertible note hedge and received cash proceeds of $17,818,000 and 258,350 shares of Class A common stock, which the Company initially put into treasury. Under the accounting guidance, the total consideration received was recorded as an increase to additional paid in capital.

All of the senior debt are unsecured senior obligations and rank equally with all existing and future unsecured indebtedness; however, they are effectively subordinated to the Credit Facility and all existing and future secured indebtedness and other liabilities of the Company’s subsidiaries to the extent of the value of the collateral securing that other debt.

E. Derivative Instruments and Hedging Activities

Risk Management Objective of Using Derivatives

The Company maintains an overall interest rate risk management strategy using derivative instruments to minimize significant unplanned impact on earnings and cash flows caused by interest rate volatility. The strategy uses interest rate swaps and option contracts having indices related to the pricing of specific liabilities. The Company enters into interest rate swaps to convert floating-rate debt to fixed-rate long-term debt, and vice-versa, depending on market conditions, or forward starting swaps to hedge the changes in benchmark interest rates on forecasted financings. Interest rate swaps are generally for periods of one to ten years. Option products are primarily interest rate caps for periods of one to three years. The use of option products is consistent with the Company's risk management objective to reduce or eliminate exposure to variability in future cash flows primarily attributable to changes in benchmark rates relating to forecasted financings, and the variability in cash flows attributable to increases relating to interest payments on its floating-rate debt.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. The Company primarily uses interest rate caps and swaps as part of its interest rate risk management strategy. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an upfront premium. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated OCI and is subsequently reclassified into earnings during the period the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value is recognized directly in earnings. Ineffectiveness was insignificant during the three months ended March 31, 2015. During the three months ended March 31, 2014, the Company recorded $3,666,000 as an increase to interest expense primarily related to ineffectiveness from a missed forecasted transaction arising from the early reclassification of OCI related to debt associated with an entity classified as discontinued operations. As of March 31, 2015, the Company expects it will reclassify amounts recorded in accumulated OCI into earnings as an increase in interest expense of approximately $24,148,000, net of tax, within the next twelve months. However, the actual amount reclassified could vary due to future changes in fair value of these derivatives.

Fair Value Hedges of Interest Rate Risk

The Company enters into total rate of return swaps ("TROR") on various tax-exempt fixed-rate borrowings. The TROR convert borrowings from a fixed rate to a variable rate. In exchange for a fixed rate, the TROR requires the payment of a variable interest rate, generally equivalent to the Securities Industry and Financial Markets Association ("SIFMA") rate (0.02% at March 31, 2015) plus a spread. Additionally, the Company has guaranteed the fair value of the underlying borrowings. Fluctuation in the value of the TROR is offset by the fluctuation in the value of the underlying borrowings, resulting in minimal financial impact. At March 31, 2015, the aggregate notional amount of TROR designated as fair value hedging instruments is $366,985,000. The underlying TROR borrowings are subject to a fair value adjustment.

Nondesignated Hedges of Interest Rate Risk

The Company uses derivative contracts to hedge certain interest rate risk, even though the contracts do not qualify for, or the Company has elected not to apply, hedge accounting. In these situations, the derivative is recorded at its fair value with changes reflected in earnings.

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In instances where the Company enters into separate derivative instruments effectively hedging the same debt for consecutive annual periods, the duplicate amount of notional is excluded from the following disclosure in an effort to provide information that enables the financial statement user to understand the Company's volume of derivative activity. The following table presents the fair values and location in the Consolidated Balance Sheets of all derivative instruments:

	Fair Value of Derivative Instruments			
	March 31, 2015			
	Asset Derivatives (included in Other Assets)		Liability Derivatives (included in Accounts Payable, Accrued Expenses and Other Liabilities)	
	Current Notional (in thousands)	Fair Value	Current Notional	Fair Value
Derivatives Designated as Hedging Instruments				
Interest rate caps	$330,000	$25	$—	$—
Interest rate swaps	—	—	669,154	72,331
TROR	149,200	7,786	217,785	11,982
Total	$479,200	$7,811	$886,939	$84,313
Derivatives Not Designated as Hedging Instruments				
Interest rate caps	$303,690	$2	$—	$—
TROR	101,338	4,381	38,402	14,895
Total	$405,028	$4,383	$38,402	$14,895
	December 31, 2014			
Derivatives Designated as Hedging Instruments				
Interest rate caps	$330,000	$114	$—	$—
Interest rate swaps	—	—	869,154	75,281
TROR	149,200	6,379	217,785	11,983
Total	$479,200	$6,493	$1,086,939	$87,264
Derivatives Not Designated as Hedging Instruments				
Interest rate caps	$205,522	$12	$—	$—
TROR	101,410	1,857	38,425	15,098
Total	$306,932	$1,869	$38,425	$15,098

The following table presents the impact of gains and losses related to derivative instruments designated as cash flow hedges included in the accumulated OCI section of the Consolidated Balance Sheets and in equity in earnings (loss) and interest expense in the Consolidated Statements of Operations:

		Loss Reclassified from Accumulated OCI		
Derivatives Designated as Cash Flow Hedging Instruments	Loss Recognized in OCI (Effective Portion)	Location on Consolidated Statements of Operations	Effective Amount	Ineffective Amount

	(in thousands)			
Three Months Ended March 31, 2015				
Interest rate caps and interest rate swaps	$(7,472)	Interest expense	$(8,957)	$(14)
		Earnings from unconsolidated entities, gross of tax	(990)	(1)
Total	$(7,472)		$(9,947)	$(15)
Three Months Ended March 31, 2014				
Interest rate caps, interest rate swaps and Treasury options	$(4,260)	Interest expense	$(9,437)	$—
		Discontinued operations	—	(3,666)
		Earnings from unconsolidated entities, gross of tax	(1,000)	—
Total	$(4,260)		$(10,437)	$(3,666)

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The following table presents the impact of gains and losses related to derivative instruments not designated as cash flow hedges in the Consolidated Statements of Operations:

	Net Gain (Loss) Recognized	
	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Derivatives Designated as Fair Value Hedging Instruments		
TROR [1]	$1,408	$5,354
Derivatives Not Designated as Hedging Instruments		
Interest rate caps and interest rate swaps	$(11)	$(57)
TROR	2,727	(1,006)
Total	$2,716	$(1,063)

(1) The net gain (loss) recognized in interest expense from the change in fair value of the underlying TROR borrowings was $(1,408) and $(5,354) for the three months ended March 31, 2015 and 2014, respectively, offsetting the gain (loss) recognized on the TROR.

Credit-risk-related Contingent Features

The principal credit risk of the Company's interest rate risk management strategy is the potential inability of a counterparty to cover its obligations. If a counterparty fails to fulfill its obligation, the risk of loss approximates the fair value of the derivative. To mitigate this exposure, the Company generally purchases derivative financial instruments from the financial institution that issues the related debt, from financial institutions with which the Company has other lending relationships, or from financial institutions with a minimum credit rating of AA at the time of the transaction.

Agreements with derivative counterparties contain provisions under which the counterparty could terminate the derivative obligations if the Company defaults on its obligations under the Credit Facility and designated conditions are fulfilled. In instances where the Company's subsidiaries have derivative obligations secured by a mortgage, the derivative obligations could be terminated if the indebtedness between the two parties is terminated, either by loan payoff or default of the indebtedness. In addition, certain subsidiaries have agreements containing provisions whereby the subsidiaries must maintain certain minimum financial ratios. As of March 31, 2015, the Company does not have any derivative contracts containing credit-risk related contingent features, such as credit rating downgrade, that may trigger collateral to be posted with a counterparty.

The following table presents information about collateral posted for derivatives in liability positions as of March 31, 2015:

	Collateral Information					
	Notional Amount	Fair Value Prior to Nonperformance Risk	Nonperformance Risk	Collateral Posted	Nature of Collateral	Credit Risk Contingent Feature
	(in thousands)					
Property Specific Swaps	$669,154	$ 75,832	$(3,501)	$—	Mortgage liens	None
TROR	256,187	26,825	52	52,818	Restricted cash, notes receivable, letters of credit	None
Totals	$925,341	$ 102,657	$(3,449)	$52,818		

F. Fair Value Measurements

Fair Value Measurements on a Recurring Basis

The Company's financial assets consist of interest rate caps, interest rate swaps and TROR with positive fair values included in other assets. The Company's financial liabilities consist of interest rate swaps and TROR with negative fair values included in accounts payable, accrued expenses and other liabilities and borrowings subject to TROR included in mortgage debt and notes payable, nonrecourse.

The Company records the redeemable noncontrolling interest related to Brooklyn Arena, LLC at redemption value, which approximates fair value if greater than historical cost. In the event the historical cost of the redeemable noncontrolling interest, which represents initial cost, adjusted for contributions, distributions and the allocation of profits or losses, is in excess of estimated fair value, the Company records the redeemable noncontrolling interest at historical cost. Redeemable noncontrolling interest is recorded at historical cost for all periods presented.

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The following table presents information about financial assets and liabilities and redeemable noncontrolling interest measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Interest rate caps (assets)	$—	$27	$—	$27
Interest rate swaps (liabilities)	—	(2,316)	(70,015)	(72,331)
TROR (assets)	—	—	12,167	12,167
TROR (liabilities)	—	—	(26,877)	(26,877)
Fair value adjustment to the borrowings subject to TROR	—	—	4,196	4,196
Redeemable noncontrolling interest [1]	—	—	(178,050)	(178,050)
Total	$—	$(2,289)	$(258,579)	$(260,868)

	December 31, 2014			
	(in thousands)			
Interest rate caps (assets)	$—	$126	$—	$126
Interest rate swaps (liabilities)	—	(1,745)	(73,536)	(75,281)
TROR (assets)	—	—	8,236	8,236
TROR (liabilities)	—	—	(27,081)	(27,081)
Fair value adjustment to the borrowings subject to TROR	—	—	5,604	5,604
Redeemable noncontrolling interest [1]	—	—	(183,038)	(183,038)
Total	$—	$(1,619)	$(269,815)	$(271,434)

(1) Redeemable noncontrolling interest is recorded at historical cost for period presented.

The following table presents a reconciliation of financial assets and liabilities and redeemable noncontrolling interest measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Redeemable Noncontrolling Interest	Interest Rate Swaps	Net TROR	Fair value adjustment to the borrowings subject to TROR	Total TROR Related	Total
	(in thousands)					
Three Months Ended March 31, 2015						
Balance, January 1, 2015 [1]	$(183,038)	$(73,536)	$(18,845)	$ 5,604	$ (13,241)	$(269,815)
Loss attributable to redeemable noncontrolling interest	4,988	—	—	—	—	4,988
Total realized and unrealized gains (losses):						
Included in earnings	—	—	4,135	(1,408)	2,727	2,727
Included in other comprehensive income	—	3,521	—	—	—	3,521
Balance, March 31, 2015 [1]	$(178,050)	$(70,015)	$(14,710)	$ 4,196	$ (10,514)	$(258,579)
Three Months Ended March 31, 2014						
Balance, January 1, 2014	$(171,743)	$(97,360)	$(24,346)	$ 8,869	$ (15,477)	$(284,580)
Loss attributable to redeemable noncontrolling interest	3,093	—	—	—	—	3,093

Total realized and unrealized gains (losses):						
Included in earnings	—	—	4,348	(5,354)	(1,006)	(1,006)
Included in other comprehensive income	—	5,515	—	—	—	5,515
Included in additional paid-in capital	(28,390)	—	—	—	—	(28,390)
Balance, March 31, 2014 [1]	$(197,040)	$(91,845)	$(19,998)	$ 3,515	$ (16,483)	$(305,368)

(1) Redeemable noncontrolling interest is recorded at historical cost for period presented.

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The following table presents quantitative information about the significant unobservable inputs used to estimate the fair value of financial instruments measured on a recurring basis as of March 31, 2015:

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value March 31, 2015 (in thousands)	Valuation Technique	Unobservable Input	Input Values
Credit valuation adjustment of interest rate swap	$3,354	Potential future exposure	Credit spread	4.00%
TROR	$(14,710)	Third party bond pricing	Bond valuation	79.59 - 114.21
Fair value adjustment to the borrowings subject to TROR	$4,196	Third party bond pricing	Bond valuation	79.59 - 114.21

Third party service providers involved in fair value measurements are evaluated for competency and qualifications. Fair value measurements, including unobservable inputs, are evaluated based on current transactions and experience in the real estate and capital markets.

The impact of changes in unobservable inputs used to determine the fair market value of the credit valuation adjustment, TROR and fair value adjustment to the borrowings subject to TROR are not deemed to be significant.

Fair Value of Other Financial Instruments

The carrying amount of notes and accounts receivable, excluding the Stapleton advances, and accounts payable, accrued expenses and other liabilities approximates fair value based upon the short-term nature of the instruments or the prevailing interest rate if long-term. The carrying amount of the Stapleton advances approximates fair value since the interest rates on these advances approximates current market rates. The Company estimates the fair value of its debt instruments by discounting future cash payments at interest rates the Company believes approximate the current market. Estimated fair value is based upon market prices of public debt, available industry financing data, current treasury rates, recent financing transactions, conversion features on convertible senior debt and loan to value ratios. The fair value of the Company’s debt instruments is classified as Level 3 in the fair value hierarchy.

The following table summarizes the fair value of nonrecourse mortgage debt and notes payable (exclusive of the fair value of derivatives), revolving credit facility and convertible senior debt:

	March 31, 2015		December 31, 2014	
	Carrying Value (in thousands)	Fair Value	Carrying Value	Fair Value
Fixed Rate Debt	$2,664,795	$3,105,674	$2,993,591	$3,421,373
Variable Rate Debt	2,008,789	1,994,026	1,944,610	1,924,823
Total	$4,673,584	$5,099,700	$4,938,201	$5,346,196

G. Capital Stock

During the three months ended March 31, 2015, the Company issued shares of Class A common stock in connection with the privately negotiated exchange transactions involving a portion of the Company’s 2016, 2018 and 2020 Senior Notes. See Note D – Convertible Senior Debt for detailed information on these Class A common stock issuances, as well as the receipt of shares of Class A common stock in connection with the termination of a convertible note hedge related to the 2016 Senior Notes.

H. Stock-Based Compensation

During the three months ended March 31, 2015, the Company granted 28,240 stock options, 826,718 shares of restricted stock and 627,385 performance shares under the Company’s 1994 Stock Plan. The stock options had a grant-date fair value of $7.79, which was computed using the Black-Scholes option-pricing model using the following assumptions: expected term of 5.5 years, expected volatility of 30.8%, risk-free interest rate of 1.71%, and expected dividend yield of 0%. The exercise price of the options is $24.62, the closing price of the underlying Class A common stock on the date of grant. The restricted stock had a grant-date fair value of $24.62 per share, the closing price of the Class A common stock on the date of grant. The performance shares had a weighted-average grant-date fair value of $32.14 per share, which was computed using Monte Carlo simulations.

At March 31, 2015, $2,373,000 of unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 27 months, $30,223,000 of unrecognized compensation cost related to restricted stock is expected to be recognized over a weighted-average period of 32 months, and $25,451,000 of unrecognized compensation cost related to performance shares is expected to be recognized over a weighted-average period of 31 months.

Stock-based compensation costs and related deferred income tax benefit recognized in the financial statements are as follows:

	Three Months Ended March 31,	
	2015	2014
	(in thousands)	
Stock option costs	$653	$1,456
Restricted stock costs	5,004	3,724
Performance share costs	1,260	851
Total stock-based compensation costs	6,917	6,031
Less amount capitalized into qualifying real estate projects	(1,662)	(2,065)
Amount charged to operating expenses	5,255	3,966
Depreciation expense on capitalized stock-based compensation	226	258
Total stock-based compensation expense	$5,481	$4,224
Deferred income tax benefit	$2,073	$1,566

The amount of grant-date fair value expensed immediately for awards granted to retirement-eligible grantees during the three months ended March 31, 2015 and 2014 was $1,926,000 and $1,358,000, respectively.

In connection with the vesting of restricted stock during the three months ended March 31, 2015 and 2014, the Company repurchased 25,302 shares and 5,483 shares, respectively, of Class A common stock to satisfy the employees' related minimum statutory tax withholding requirements. These shares were placed in treasury with an aggregate cost basis of $588,000 and $100,000, respectively.

I. Write-Offs of Abandoned Development Projects

On a quarterly basis, the Company reviews each project under development to determine whether it is probable the project will be developed. If management determines the project will not be developed, its project costs and other related expenses are written off as an abandoned development project cost. The Company abandons projects under development for a number of reasons, including, but not limited to, changes in local market conditions, increases in construction or financing costs or third party challenges related to entitlements or public financing. The Company recorded no write-offs of abandoned development projects during the three months ended March 31, 2015 and 2014, respectively.

J. Impairment of Real Estate and Impairment of Unconsolidated Entities

Impairment of Real Estate

The Company reviews its real estate for impairment whenever events or changes indicate its carrying value may not be recoverable. In order to determine whether the carrying costs are recoverable from estimated future undiscounted cash flows, the Company uses various assumptions including future estimated net operating income, estimated holding periods, risk of foreclosure and estimated cash proceeds upon the disposition of the asset. If the carrying costs are not recoverable, the Company records an impairment charge to reduce the carrying value to estimated fair value. The assumptions used to estimate fair value are Level 2 or 3 inputs. The Company's assumptions are based on current information. If the conditions deteriorate or if the Company's plans regarding its assets change, additional impairment charges may occur in future periods. There were no impairments recorded during the three months ended March 31, 2015 or 2014.

Impairment of Unconsolidated Entities

The Company reviews its portfolio of unconsolidated entities for other-than-temporary impairments whenever events or changes indicate its carrying value in the investments may be in excess of fair value. An equity method investment's value is impaired if management's estimate of its fair value is less than the carrying value and the difference is deemed to be other-than-temporary. In estimating fair value, assumptions that may be used include comparable sale prices, market discount rates, market capitalization rates and estimated future discounted cash flows specific to the geographic region and property type, all of which are considered Level 3 inputs. For recently opened properties, assumptions also include the timing of initial property lease up. In the event initial property lease up assumptions differ from actual results, estimated future discounted cash flows may vary, resulting in impairment charges in future periods. There were no impairments of unconsolidated entities recorded during the three months ended March 31, 2015 or 2014.

K. Loss on Extinguishment of Debt

For the three months ended March 31, 2015 and 2014, the Company recorded $35,154,000 and $164,000, respectively, as loss on extinguishment of debt. The loss on extinguishment of debt recorded for the three months ended March 31, 2015 primarily relates to the privately negotiated exchange transactions involving a portion of the Company's 2016, 2018 and 2020 Senior Notes. See Note D – Convertible Senior Debt for detailed information on the loss on extinguishment of debt.

L. Income Taxes

Income tax expense was $815,000 and $3,931,000 for the three months ended March 31, 2015 and 2014, respectively. The difference in recorded income tax expense/benefit versus income tax expense/benefit computed at the statutory federal income tax rate is primarily attributable to state income taxes, changes in state net operating losses, additional general business credits, changes to valuation allowances associated with certain deferred tax assets, and various permanent differences between pre-tax GAAP income and taxable income. The most significant permanent difference during the three months ended March 31, 2015 was the loss on extinguishment of debt recorded in connection with the privately negotiated exchanges of a portion of the Company's Senior Notes.

At December 31, 2014, the Company had a federal net operating loss carryforward for tax purposes of $307,200,000 expiring in the years ending December 31, 2029 through 2034, a charitable contribution deduction carryforward of $16,234,000 expiring in the years ending December 31, 2015 through 2019, General business credit carryovers of $36,779,000 expiring in the years ending December 31, 2018 through 2034, and an alternative minimum tax ("AMT") credit carryforward of $27,452,000 that is available until used to reduce federal tax to the AMT amount.

If the Company converts to REIT status, it is anticipated certain subsidiaries may be treated as taxable REIT subsidiaries and would continue to be subject to corporate income taxes. In addition, the Company could be subject to corporate income taxes related to assets sold during the 10-year period following the date of conversion, to the extent such assets had a built-in gain on the date of conversion.

M. Discontinued Operations

The following tables summarize the rental properties included in discontinued operations during the three months ended March 31, 2014: