Douglas Emmett Inc
Form 10-Q
August 07, 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 EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

Commission file number 001-33106

Douglas Emmett, Inc.

(Exact name of registrant as specified in its charter)

Maryland	20-3073047
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
808 Wilshire Boulevard, Suite 200, Santa Monica, California	90401
(Address of principal executive offices)	(Zip Code)

(310) 255-7700
(Registrant's telephone number, including area code)

N/A
(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 x 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 x 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

Class	Outstanding at	July 31, 2015
Common Stock, $0.01 par value per share	146,292,154	shares

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Forward Looking Statements

This Quarterly Report on Form 10-Q (Report) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). You can find many (but not all) of these statements by looking for words such as "approximates," "believes," "expects," "anticipates," "estimates," "intends," "plans," "would," "could", "may", "future" or other similar expressions in this Report. We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995. We caution investors that any forward-looking statements presented in this Report, or those that we may make orally or in writing from time to time, are based on our beliefs and assumptions. The actual outcome will be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control or ability to predict. Although we believe that our assumptions are reasonable, they are not guarantees of future performance and some will inevitably prove to be incorrect. As a result, our actual future results can be expected to differ from our expectations, and those differences may be material. Accordingly, investors should use caution in relying on previously reported forward-looking statements, which were based on results and trends at the time they were made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include the following:

- adverse economic or real estate developments in Southern California and Honolulu, Hawaii;
- a general downturn in the economy, such as the global financial crisis that commenced in 2008;
- decreased rental rates or increased tenant incentive and vacancy rates;
- defaults on, early termination of, or non-renewal of leases by tenants;
- increased interest rates and operating costs;
- failure to generate sufficient cash flows to service our outstanding indebtedness;
- difficulties in raising capital for our institutional funds;
- difficulties in identifying properties to acquire and completing acquisitions;
- failure to successfully operate acquired properties and operations;
- failure to maintain our status as a Real Estate Investment Trust (REIT) under federal tax laws;
- possible adverse changes in rent control laws and regulations;
- environmental uncertainties;
- risks related to natural disasters;
- lack or insufficient amount of insurance, or changes to the cost of maintaining existing insurance coverage;
- inability to successfully expand into new markets and submarkets;
- risks associated with property development;
- conflicts of interest with our officers;
- changes in real estate zoning laws and increases in real property tax rates;
- the negative results of litigation or governmental proceedings;
- the consequences of any possible future terrorist attacks; and
- the consequences of any possible future cyber attacks or intrusions.

For further discussion of the above risk factors, see "Item 1A. Risk Factors" in our 2014 Annual Report on Form 10-K.

This Report and all subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
Douglas Emmett, Inc.
Consolidated Balance Sheets
(in thousands, except share data)

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Assets		
Investment in real estate:		
Land	$924,965	$900,813
Buildings and improvements	5,686,683	5,590,118
Tenant improvements and lease intangibles	697,359	666,672
Investment in real estate, gross	7,309,007	7,157,603
Less: accumulated depreciation and amortization	(1,624,228)	(1,531,157)
Investment in real estate, net	5,684,779	5,626,446
Cash and cash equivalents	74,530	18,823
Tenant receivables, net	2,382	2,143
Deferred rent receivables, net	78,363	74,997
Acquired lease intangible assets, net	4,983	3,527
Interest rate contract assets	2,817	—
Investment in unconsolidated real estate funds	167,287	171,390
Other assets	23,590	57,270
Total assets	$6,038,731	$5,954,596
Liabilities		
Secured notes payable and revolving credit facility	$3,554,414	$3,435,290
Interest payable, accounts payable and deferred revenue	56,128	54,364
Security deposits	37,409	37,450
Acquired lease intangible liabilities, net	35,264	45,959
Interest rate contract liabilities	26,684	37,386
Dividends payable	30,721	30,423
Total liabilities	3,740,620	3,640,872
Equity		
Douglas Emmett, Inc. stockholders' equity:		
Common Stock, $0.01 par value 750,000,000 authorized, 146,292,154 and 144,869,101 outstanding at June 30, 2015 and December 31, 2014, respectively	1,463	1,449
Additional paid-in capital	2,697,809	2,678,798
Accumulated other comprehensive income (loss)	(19,859)	(30,089)
Accumulated deficit	(735,904)	(706,700)
Total Douglas Emmett, Inc. stockholders' equity	1,943,509	1,943,458
Noncontrolling interests	354,602	370,266
Total equity	2,298,111	2,313,724
Total liabilities and equity	$6,038,731	$5,954,596

See accompanying notes to consolidated financial statements.

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Douglas Emmett, Inc.
Consolidated Statements of Operations
(unaudited and in thousands, except per share data)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenues				
Office rental				
Rental revenues	$ 103,808	$ 100,264	$ 204,459	$ 198,877
Tenant recoveries	11,463	11,720	21,613	22,627
Parking and other income	21,520	19,572	42,175	39,135
Total office revenues	136,791	131,556	268,247	260,639
Multifamily rental				
Rental revenues	21,975	18,370	43,619	36,680
Parking and other income	1,691	1,496	3,400	2,975
Total multifamily revenues	23,666	19,866	47,019	39,655
Total revenues	160,457	151,422	315,266	300,294
Operating Expenses				
Office expense	46,542	44,661	90,741	88,013
Multifamily expense	5,930	5,096	11,750	10,229
General and administrative	7,473	6,712	14,834	13,523
Depreciation and amortization	51,246	50,939	101,080	101,138
Total operating expenses	111,191	107,408	218,405	212,903
Operating income	49,266	44,014	96,861	87,391
Other income	2,415	4,586	10,974	8,873
Other expenses	(1,619)	(1,678)	(3,191)	(3,131)
Income, including depreciation, from unconsolidated real estate funds	1,207	947	2,650	2,060
Interest expense	(35,177)	(31,952)	(68,816)	(63,790)
Acquisition-related expenses	(198)	—	(488)	(28)
Net income	15,894	15,917	37,990	31,375
Less: Net income attributable to noncontrolling interests	(2,446)	(2,554)	(5,843)	(5,036)
Net income attributable to common stockholders	$ 13,448	$ 13,363	$ 32,147	$ 26,339
Net income attributable to common stockholders per share – basic	$ 0.092	$ 0.093	$ 0.220	$ 0.183
Net income attributable to common stockholders per share – diluted	$ 0.089	$ 0.090	$ 0.213	$ 0.178
Dividends declared per common share	$ 0.21	$ 0.20	$ 0.42	$ 0.40

See accompanying notes to consolidated financial statements.

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Douglas Emmett, Inc.
Consolidated Statements of Comprehensive Income
(unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$ 15,894	$ 15,917	$ 37,990	$ 31,375
Other comprehensive income: cash flow hedges	11,367	2,709	12,385	8,160
Comprehensive income	27,261	18,626	50,375	39,535
Less: Comprehensive income attributable to noncontrolling interests	(4,268)	(3,132)	(7,998)	(6,913)
Comprehensive income attributable to common stockholders	$ 22,993	$ 15,494	$ 42,377	$ 32,622

See accompanying notes to consolidated financial statements.

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Douglas Emmett, Inc.
Consolidated Statements of Cash Flows
(unaudited and in thousands)

	Six Months Ended June 30, 2015	2014
Operating Activities		
Net income	$37,990	$31,375
Adjustments to reconcile net income to net cash provided by operating activities:		
Income, including depreciation, from unconsolidated real estate funds	(2,650)	(2,060)
Gain from insurance recoveries for damage to real estate	—	(4,826)
Depreciation and amortization	101,080	101,138
Net accretion of acquired lease intangibles	(12,940)	(7,094)
Increase (decrease) in the allowance for doubtful accounts	250	(1,523)
Amortization of deferred loan costs	3,974	2,005
Non-cash market value adjustments on interest rate contracts	—	43
Non-cash amortization of equity compensation	3,935	2,702
Operating distributions from unconsolidated real estate funds	535	483
Change in working capital components:		
Tenant receivables	(476)	426
Deferred rent receivables	(3,379)	(1,100)
Interest payable, accounts payable and deferred revenue	3,133	886
Security deposits	(41)	621
Other assets	4,784	3,726
Net cash provided by operating activities	136,195	126,802
Investing Activities		
Capital expenditures for improvements to real estate	(37,590)	(42,396)
Capital expenditures for developments	(2,074)	(1,284)
Insurance recoveries for damage to real estate	—	4,236
Property acquisition	(89,906)	—
Note receivable	—	(27,500)
Proceeds from repayment of note receivable	1,000	—
Loan payments received from related party	606	299
Contributions to unconsolidated real estate funds	(12)	—
Capital distributions from unconsolidated real estate funds	4,053	5,702
Net cash used in investing activities	(123,923)	(60,943)
Financing Activities		
Proceeds from borrowings	662,400	101,000
Deferred loan cost payments	(4,641)	(312)
Repayment of borrowings	(543,276)	(121,930)
Contributions by noncontrolling interests	—	250
Distributions to noncontrolling interests	(11,817)	(11,682)
Repurchase of stock options	—	(4,524)
Repurchase of operating partnership units	—	(2,827)
Cash dividends to common stockholders	(61,054)	(57,255)
Exercise of stock options	1,823	—

Net cash provided by (used in) financing activities	43,435	(97,280)
Increase (decrease) in cash and cash equivalents	55,707	(31,421)
Cash and cash equivalents at beginning of period	18,823	44,206
Cash and cash equivalents at end of period	$ 74,530	$ 12,785

See accompanying notes to consolidated financial statements.

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Douglas Emmett, Inc.
Consolidated Statements of Cash Flows
(unaudited and in thousands)

	Six Months Ended June 30,	
	2015	2014
SUPPLEMENTAL CASH FLOWS INFORMATION:		
OPERATING ACTIVITIES:		
Cash paid for interest, net of capitalized interest of $463 and $128 for the six months ended June 30, 2015 and 2014, respectively	$64,300	$61,860
NONCASH INVESTING TRANSACTIONS:		
Write-off of fully depreciated and amortized tenant improvements and lease intangibles	$8,009	$—
Write-off of fully amortized acquired lease intangible assets	$14	$—
Write-off of fully accreted acquired lease intangible liabilities	$20,128	$—
Settlement of note receivable in exchange for land and building acquired	$26,500	$—
Issuance of operating partnership units in exchange for land and building acquired	$1,000	$—
Application of deposit to purchase price of property	$2,500	$—
Gain (loss) from market value adjustments - our derivatives	$(5,740)	$(9,017)
Gain (loss) from market value adjustments - our Fund's derivative	$(1,609)	$(1,640)
NONCASH FINANCING TRANSACTIONS:		
Accrual for dividends payable to common stockholders	$30,721	$28,825
Operating Partnership units redeemed with shares of the Company's common stock	$17,203	$20,494

See accompanying notes to consolidated financial statements for additional non-cash items.

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Douglas Emmett, Inc.
Notes to Consolidated Financial Statements (unaudited)

1. Overview

Organization and Business Description

Douglas Emmett, Inc. is a fully integrated, self-administered and self-managed Real Estate Investment Trust (REIT). We are one of the largest owners and operators of high-quality office and multifamily properties in Los Angeles County, California and Honolulu, Hawaii. We focus on owning and acquiring a substantial share of top-tier office properties and premier multifamily communities in neighborhoods that possess significant supply constraints, high-end executive housing and key lifestyle amenities.

Through our interest in Douglas Emmett Properties, LP (our operating partnership) and its subsidiaries, as well as our investment in our institutional unconsolidated real estate funds (Funds), we own or partially own, manage, lease, acquire and develop real estate, consisting primarily of office and multifamily properties in Los Angeles County, California and Honolulu, Hawaii. As of June 30, 2015, we owned a consolidated portfolio of fifty-four office properties (including ancillary retail space) and ten multifamily properties, as well as the fee interests in two parcels of land subject to ground leases from which we earn ground rent income. Alongside our consolidated portfolio, we also manage and own equity interests in our Funds which, at June 30, 2015, owned eight additional office properties, for a combined sixty-two office properties in our total portfolio.

The terms "us," "we" and "our" as used in these financial statements refer to Douglas Emmett, Inc. and its subsidiaries.

Basis of Presentation

The accompanying consolidated financial statements as of June 30, 2015 and December 31, 2014, and for the three and six months ended June 30, 2015 and 2014, are the consolidated financial statements of Douglas Emmett, Inc. and its subsidiaries, including our operating partnership. All significant intercompany balances and transactions have been eliminated in our consolidated financial statements, and to conform to additional line items added in the current period presentation, we have reported more detail for the prior period. During the current reporting period, we reported our proceeds from, and repayments of, borrowings related to our credit facility on a gross basis in the accompanying Consolidated Statements of Cash Flows, and we have reclassified the comparable period, which was previously reported on a net basis, to conform to the current period presentation. The change in presentation did not change the net cash provided by (used in) financing activities that we previously reported for the comparable period.

The accompanying unaudited interim financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) may have been condensed or omitted pursuant to SEC rules and regulations, although we believe that the disclosures are adequate to make their presentation not misleading. The accompanying unaudited interim financial statements include, in our opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth therein. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. The interim financial statements should be read in conjunction with the consolidated financial statements in our 2014 Annual Report on Form 10-K and the notes thereto. Any references in this report to the number of properties, square footage and geography, are outside the scope of our independent registered public accounting firm’s review of our financial statements, in accordance with the standards of the United States Public Company Accounting Oversight Board (PCAOB).

2. Summary of Significant Accounting Policies

During the period covered by this report, we have not made any material changes to our significant accounting policies included in our 2014 Annual Report on Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

Income Taxes

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. Provided that we qualify for taxation as a REIT, we are generally not subject to corporate-level income tax on the earnings distributed currently to our stockholders that we derive from our REIT qualifying activities. We are subject to corporate-level tax on the earnings that we derive through our taxable REIT subsidiaries (TRS).

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of Accounting Standard Updates (ASUs). We consider the applicability and impact of all ASUs.

Recently Adopted Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (Topics 205 and 360), which provides guidance for reporting discontinued operations. The amendments in this ASU change the requirements for reporting discontinued operations in Subtopic 205-20, Presentation of Financial Statements. The ASU was effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2014, which for us was the first quarter of 2015. We adopted the ASU in the first quarter of 2015 and it did not have a material impact on our financial position or results of operations.

Recently Issued Accounting Pronouncements

In March 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30), which provides guidance on the presentation of debt issuance costs. To simplify the presentation of debt issuance costs, the amendments in this Update would require that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt, consistent with the manner in which debt discounts or premiums would be presented. This ASU is the final version of Proposed ASU 2014-250-Interest-Imputation of Interest (Subtopic 835-30), which has been deleted. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, which for us would be the first quarter of 2016, and early adoption is permitted. The ASU requires that the new presentation of debt issuance costs be applied on a retrospective basis. The change in presentation is required to be disclosed as a change in accounting principle. We do not expect the ASU to have a material impact on our financial position or results of operations.

In July 2015, the FASB affirmed its proposal to defer the effective date of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) by one year. The proposed Update would also allow entities to apply the new revenue standard as of the original effective date. The ASU is currently effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, which for us is the first quarter of 2017. As a result of the proposal, the ASU would be effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, which for us is the first quarter of 2018. The Board affirmed its proposal to permit all entities to apply the new revenue standard early, but not before the original effective date, that is fiscal years, and interim periods within those years, beginning after December 15, 2016, which for us is the first quarter of 2017. The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot. We do not expect this ASU to have a material impact on our financial position or results of operations, as lease contracts are not within the scope of this ASU.

The FASB has not issued any other ASUs during 2015 that we expect to be applicable and have a material impact on our future financial position or results of operations.

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Douglas Emmett, Inc.
Notes to Consolidated Financial Statements (unaudited) (continued)

3. Investment in Real Estate

2015 Acquisitions

During the six months ended June 30, 2015, we made two acquisitions: (i) on March 5, 2015, we purchased a 227,000 square foot Class A multi-tenant office property (First Financial Plaza), located in Encino, California, for $92.4 million, or approximately $407 per square foot, and (ii) on February 12, 2015, we acquired the fee interest in the land (Harbor Court Land) under one of our office buildings for $27.5 million. See Notes 5 and 13. We recognized $6.6 million of accretion of an above-market ground lease related to the purchase of the Harbor Court Land, which is included in other income in the consolidated statement of operations. See Note 4. The results of operations for these acquisitions are included in our consolidated statements of operations after the respective date of their acquisitions.

The table below (in thousands) summarizes our preliminary purchase price allocations for the acquisitions (these allocations are subject to adjustments within twelve months of the acquisition date):

	Harbor Court Land	First Financial Plaza
Investment in real estate:		
Land	$ 12,060	$ 12,092
Buildings and improvements	15,440	75,039
Tenant improvements and lease intangibles	—	6,065
Acquired above and below-market leases, net	—	(790)
Net assets and liabilities acquired	$ 27,500	$ 92,406

2014 Acquisitions

We did not acquire any properties during the six months ended June 30, 2014.

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Douglas Emmett, Inc.
Notes to Consolidated Financial Statements (unaudited) (continued)

4. Acquired Lease Intangibles

Summary of our Acquired Lease Intangibles

The table below (in thousands) summarizes our above/below-market leases:

	June 30, 2015	December 31, 2014
Above-market tenant leases[1][3]	$4,869	$3,040
Accumulated amortization - above-market tenant leases[3]	(2,417)	(2,082)
Below-market ground leases	3,198	3,198
Accumulated amortization - below-market ground leases	(667)	(629)
Acquired lease intangible assets, net	$4,983	$3,527
Below-market tenant leases[1][3]	$132,775	$138,088
Accumulated accretion - below-market tenant leases[3]	(101,094)	(102,335)
Above-market ground leases[2][3]	4,017	16,200
Accumulated accretion - above-market ground leases[2][3]	(434)	(5,994)
Acquired lease intangible liabilities, net	$35,264	$45,959

(1) Includes leases from an office property that we purchased in the first quarter of 2015. See Note 3.

(2) In the first quarter of 2015, we recognized $6.6 million of accretion for an above-market ground lease in other income related to the purchase of the Harbor Court Land (see Note 3) and removed the cost and accumulated accretion of $10.0 million for that ground lease from our balance sheet.

(3) In the second quarter of 2015, we removed (i) the cost and accumulated amortization of $14 thousand related to fully amortized above-market tenant leases, (ii) the cost and accumulated accretion of $7.9 million related to fully accreted below-market tenant leases and (iii) the cost and accumulated accretion of $2.1 million related to fully accreted above-market ground leases.

Impact on the Consolidated Statements of Operations

The table below (in thousands) summarizes the net amortization/accretion related to our above/below-market leases:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net accretion of above/below-market tenant leases[1]	$3,202	$3,497	$6,325	$7,003
Amortization of an above-market ground lease[2]	(4)	(4)	(8)	(8)
Accretion of above-market ground leases[3]	13	50	23	99
Accretion of an above-market ground lease[4]	—	—	6,600	—
Total	$3,211	$3,543	$12,940	$7,094

(1) Recorded as an increase to office and multifamily rental revenues.
(2) Ground lease from which we earn ground rent income. Recorded as a decrease to office parking and other income.
(3) Ground leases from which we incur ground rent expense. Recorded as a decrease to office expense.
(4) Ground lease from which we incurred ground rent expense. Recorded as an increase to other income.

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Douglas Emmett, Inc.

Notes to Consolidated Financial Statements (unaudited) (continued)

5. Other Assets

Other assets consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Deferred loan costs, net of accumulated amortization of $15,455 and $13,042 at June 30, 2015 and December 31, 2014, respectively	$ 16,292	$ 15,623
Note receivable[1]	—	27,500
Restricted cash	194	194
Prepaid expenses	1,849	6,108
Other indefinite-lived intangible	1,988	1,988
Deposits in escrow	—	2,500
Other	3,267	3,357
Total other assets	$ 23,590	$ 57,270

(1) On February 12, 2015, the owner of a fee interest in the land related to one of our office buildings, to whom we previously loaned $27.5 million, repaid $1.0 million of the loan with cash, and then contributed the respective fee interest valued at $27.5 million to our operating partnership, subject to the remaining balance of that loan of $26.5 million, in exchange for 34,412 units in our operating partnership ("OP Units") valued at $1.0 million. See Notes 3 and 9.

The table below (in thousands) sets forth the amortization of our deferred loans costs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Deferred loan costs amortization[1]	$ 2,201	$ 1,005	$ 3,974	$ 2,005

(1) Included in interest expense in our consolidated statements of operations.

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Douglas Emmett, Inc.
Notes to Consolidated Financial Statements (unaudited) (continued)

6. Secured Notes Payable and Revolving Credit Facility

The following table summarizes (in thousands) our secured notes payable and revolving credit facility:

Description[1]	Maturity Date		Principal Balance as of June 30, 2015	Principal Balance as of December 31, 2014	Variable Interest Rate	Fixed Interest Rate [2]	Swap Maturity Date
Term Loan	12/24/2015		$20,000	$20,000	LIBOR + 1.45%	N/A	--
Term Loan [3]	3/1/2016		16,140	16,140	LIBOR + 1.60%	N/A	--
Fannie Mae Loan	3/1/2016		82,000	82,000	LIBOR + 0.62%	N/A	--
Fannie Mae Loan	6/1/2017		18,000	18,000	LIBOR + 0.62%	N/A	--
Term Loan[4]	10/2/2017		259,622	400,000	LIBOR + 2.00%	4.45%	7/1/2015
Term Loan	4/2/2018		510,000	510,000	LIBOR + 2.00%	4.12%	4/1/2016
Term Loan	8/1/2018		530,000	530,000	LIBOR + 1.70%	3.74%	8/1/2016
Term Loan [5]	8/5/2018		355,000	355,000	N/A	4.14%	--
Term Loan [6]	2/1/2019		154,102	155,000	N/A	4.00%	--
Term Loan [7]	6/5/2019		285,000	285,000	N/A	3.85%	--
Fannie Mae Loan [8]	10/1/2019		145,000	145,000	LIBOR + 1.25%	N/A	--
Term Loan [9]	3/1/2020	[10]	349,070	349,070	N/A	4.46%	--
Fannie Mae Loans	11/2/2020		388,080	388,080	LIBOR + 1.65%	3.65%	11/1/2017
Term Loan	4/15/2022		340,000	—	LIBOR + 1.40%	2.77%	4/1/2020
Fannie Mae Loan	4/1/2025		102,400	—	LIBOR + 1.25%	2.84%	