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Washington Prime Group Inc. (WPG)

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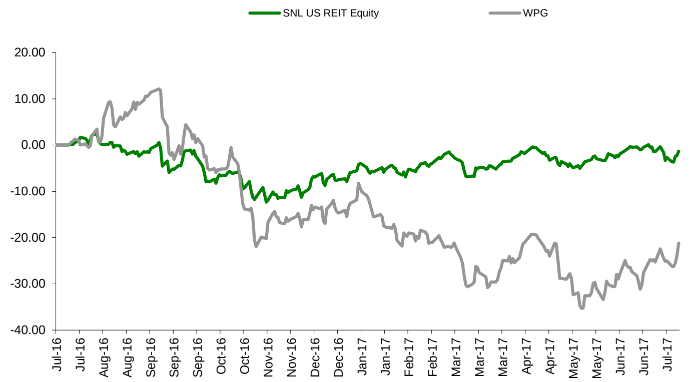
Columbus, OH 43215
http://www.washingtonprime.com
(614) 621-9000

Credit Ratings	Rating	Date	Direction	Watch
S&P	BBB-	10/26/2015	Downgrade	Outlook Stable
Moody's*	--	--	--	--
Fitch	--	--	--	--

*Senior Unsecured Rating

Current Market Information as of 07/14/2017			Closing Price ($):	8.83
Shares Outstanding (Shares)	185,428,977		Price Target	$ 11.00
52 week High - Low ($)	14.15 - 7.31		Price/ FFO (x)	5.3
Average Daily Volume (Shares)	2,493,531		Price/ LTM FFO (x)	4.9
Market Value ($M)	1,637.3		Price/ Trailing-four-quarter EPS (x	29.4
Total Capitalization ($M)	5,631.5		Prem./Disc to NAV (%)	-35.3
Total Enterprise Value ($M)	5,537.0		TEV/ Recurring EBITDA (x)	NA
10 Year T Note (%)	2.33		Implied Return	25%

Total Return

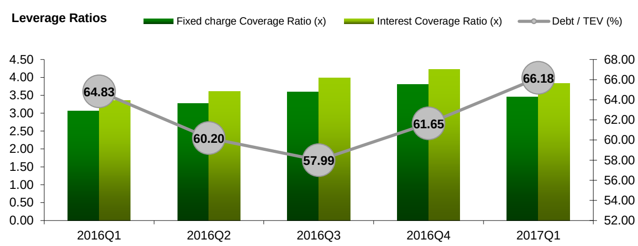


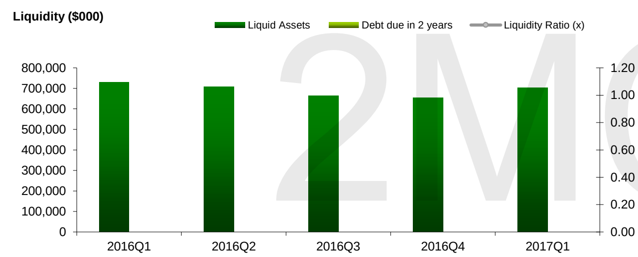
Insider Alignment as of 03/10/2017			
Title	Name	Insider shares (Voting)	%
Executive VP & CFO	Mark E. Yale	208,870	0.11
Director	Jacquelyn R. Soffer	114,783	0.06
--	Mark S. Ordan	55,332	0.03
Total Shares Held by Insiders		**474,416**	**0.26**

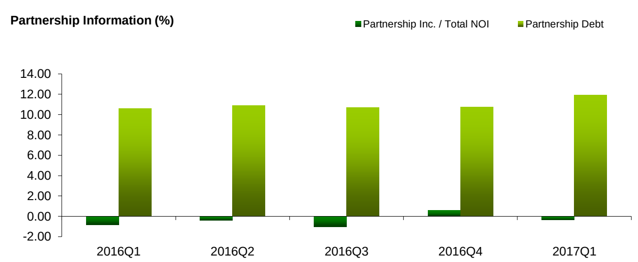
Note: If multiple insiders share controlling interest in a group of shares, they may both show ownership of those shares in insider ownership data.

Institutional Ownership			
Owner	Shares	%	As of
Vanguard Group Inc.	35,917,881	19.37	03/31/2017
BlackRock Inc.	24,434,249	13.18	03/31/2017
Massachusetts Financial Services Co.	11,334,720	6.11	03/31/2017
State Street Global Advisors Inc.	8,566,191	4.62	03/31/2017
TIAA	3,927,643	2.12	03/31/2017
Total - 327 Institutions	**173,649,046**	**93.65**	

Current Dividend Information		% Change		
Dividend ($)	0.2500 –	0.00	Mst Rct Dividend Anncd Date	05/18/2017
Annual Dividend Rate ($)	1.0000 ▲	16.28	Mst Rct Ex-Dividend Date	05/30/2017
LTM Dividends Anncd ($)	1.0000		Most Recent Div Pay Date	06/15/2017
Current Dividend Yield (%)	11.33			
LTM Dividend Payout Ratio (%)	333.33			







Leverage Analysis	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Capitalization ($M)					
Implied Market Cap	2,092.0	2,467.0	2,730.5	2,296.0	1,916.6
Total Mezzanine Level Items	5.8	5.8	5.2	10.7	3.3
Total Preferred Equity	195.0	195.0	195.0	195.0	195.0
Noncontrolling Interest	1.1	1.1	1.1	1.1	1.1
Total Debt	3,630.1	3,510.4	3,543.6	3,506.4	3,484.6
Pref. OP-FASB 150/Fin 46 Adj.	0.0	0.0	0.0	0.0	0.0
Total Capitalization	**5,923.9**	**6,179.3**	**6,475.3**	**6,009.1**	**5,600.6**
(-) Cash & Cash Equivalents	91.3	63.4	57.8	59.4	94.5
Total Enterprise Value	**5,832.6**	**6,115.8**	**6,417.5**	**5,949.8**	**5,506.1**
Leverage Ratios (%)					
Debt/ Total Cap	61.28	56.81	54.72	58.35	62.22
Debt / TEV	64.83	60.20	57.99	61.65	66.18
Debt and Preferred/ TEV	68.04	63.26	60.92	64.88	69.50
Total Debt/ Gross Properties	55.27	54.08	54.76	56.14	55.59
Debt/ RE Value	74.57	67.73	64.65	69.79	74.46
Fixed charge Coverage Ratio (x)	3.07	3.28	3.60	3.80	3.45
Interest Coverage Ratio (x)	3.35	3.61	3.99	4.22	3.83
Debt/ EBITDA (x)	7.37	6.94	8.09	6.47	7.49
Debt/Assets	67.66	67.29	68.40	68.65	69.46
NOI/ Debt	15.27	15.60	15.68	16.67	15.56

Liquidity Analysis ($000)	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Cash and Equivalents	91,259	63,445	57,791	59,353	94,531
Revolving Credit Facilities	900,000	900,000	900,000	900,000	900,000
Revolving Credit Facilities Drawn	260,943	256,267	293,841	306,165	291,489
Liquid Assets	730,316	707,178	663,950	653,188	703,042
Debt Due this Fiscal Year	NA	NA	NA	NA	NA
Debt Due during Next Fiscal Year	NA	NA	NA	NA	NA
Debt Due this Fiscal Year, Incl. JV	NA	NA	NA	NA	NA
Debt Due during Next Fiscal Year, Incl. JV	NA	NA	NA	NA	NA
Debt due in 2 years	NA	NA	NA	NA	NA
Liquidity Ratio (x)	NA	NA	NA	NA	NA

Profitability Analysis (%)	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Implied Capitalization Rate	10.27	10.91	11.02	10.90	10.90
Rental NOI/ Avg Gross Pptys	8.44	8.39	8.57	9.19	8.66
Operating NOI/ Avg Gross Pptys	0.00	0.00	0.00	0.00	0.00
Total RE NOI/ Avg Gross Pptys	8.44	8.39	8.57	9.19	8.66
Partnership Income/ Total Revenue	-0.97	-0.43	-1.25	0.75	-0.39

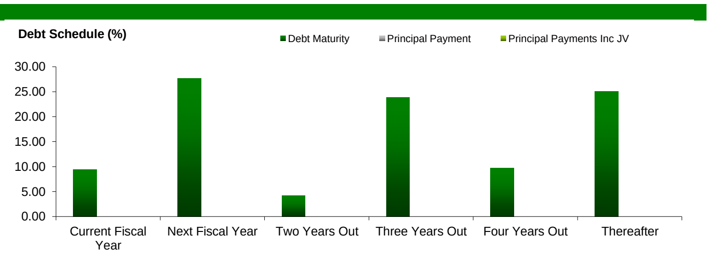
Partnership Information (%)	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Partnership Inc. / Total NOI	-0.84	-0.37	-1.04	0.59	-0.33
Partnership Revenue/ Revenue	-0.56	-0.25	-0.70	0.39	-0.22
Partnership Debt	10.60	10.91	10.68	10.75	11.91
Partnership Income/ Avg Partnerships	-0.97	-0.43	-1.25	0.75	-0.39

Debt Analysis (%)	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Tax-exempt Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Secured Debt/ Debt	49.27	47.66	47.07	46.15	46.23
Short-term Debt/ Debt	NA	NA	NA	24.13	NA
Long-term Debt/ Debt	NA	NA	NA	75.87	NA
Variable-rate Debt/ Debt	25.91	28.52	23.68	24.29	24.02
Fixed-rate Debt/ Debt	74.09	71.48	76.32	75.71	75.98
Hedged Debt/ Debt	23.14	23.93	29.35	29.50	29.70
Convertible Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Credit Lines Drawn/ Available	28.99	28.47	32.65	34.02	32.39

Same Store Analysis	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
Same Store NOI Change (%)	4.30	3.00	0.60	0.70	-0.70
Same Store Rev % Chg (%)	-0.50	1.30	1.20	0.80	1.60
Same Store Exp % Chg (%)	-9.40	-2.00	2.30	1.10	6.60
Same-store REVPAR ($)	NA	NA	NA	NA	NA
Same-store ADR ($)	NA	NA	NA	NA	NA
Same Store Occupancy (%)	92.40	92.90	92.60	94.00	92.70

Debt Maturity Schedules for the Period 2017Q1

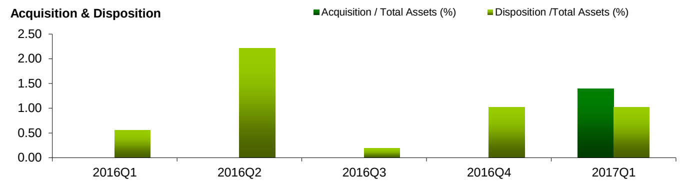
	Debt Maturity		Principal Payment		Principal Payments Inc JV	
	($000)	(%)	($000)	(%)	($000)	(%)
Total Debt	3,484,633		3,484,633		3,484,633	
Current Fiscal Year	326,350	9.37	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Next Fiscal Year	964,168	27.67	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Two Years Out	145,026	4.16	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Three Years Out	830,369	23.83	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Four Years Out	337,994	9.70	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Thereafter	874,106	25.08	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	



Property Analysis

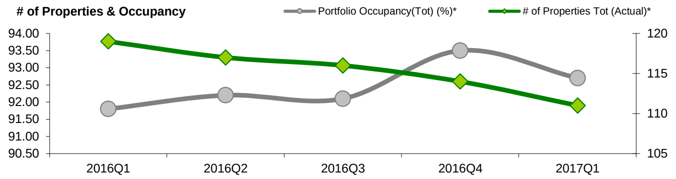
Property Financials	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1
# of Properties Tot (Actual)*	119	117	116	114	111
Portfolio Occupancy(Tot) (%)*	91.8	92.2	92.1	93.5	92.7
Total Acquisitions ($000)	0	0	0	0	70,000
Total Dispositions ($000)	30,000	115,300	10,100	52,200	51,000
Development Pipeline ($000)	NA	NA	NA	NA	NA
Development Cost Incurred ($000	NA	NA	NA	NA	NA
Net Property Investment ($000)	4,308,915	4,220,836	4,186,036	4,122,842	4,096,053
Gross Leasable Area (sq. ft.)	67,560,466	65,893,958	64,954,578	62,836,660	60,341,358
Acquisition / Total Assets (%)	0.00	0.00	0.00	0.00	1.40
Disposition /Total Assets (%)	0.56	2.21	0.19	1.02	1.02

* If total value is filed as NA for all periods by the company, it will give the individual portfolio level information.



Top 10 Markets*

Name	% of NOI	% of Rev.	% Change SS Occupancy %
None			



*Based on reported market exposure. SS here stands for Same Store

Top 10 Most Recent Acquisitions

Property Name	Portfolio Acq. Yes/No?	Acq. Date	Owned %	Price ($000)[1]	Size (Owned Sq. Ft.)[3]
Arbor Hills	Yes	01/15/2015	51.00	4,200,000	44,571
Ashland Town Center	Yes	01/15/2015	100.00	4,200,000	433,683
Colonial Park Mall	Yes	01/15/2015	100.00	4,200,000	738,798
Dayton Mall	Yes	01/15/2015	100.00	4,200,000	1,442,989
Grand Central Mall	Yes	01/15/2015	100.00	4,200,000	846,240
Indian Mound Mall	Yes	01/15/2015	100.00	4,200,000	556,734
Land-Oklahoma City	Yes	01/15/2015	99.00	4,200,000	NA
Malibu Lumber Yard	Yes	01/15/2015	100.00	4,200,000	31,495
Merritt Square Mall	Yes	01/15/2015	100.00	4,200,000	811,260
Morgantown Commons	Yes	01/15/2015	100.00	4,200,000	230,843

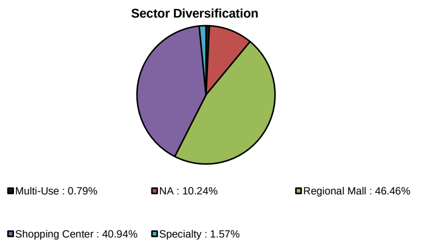
[1] If the transaction is a portfolio acquisition than the price will be a portfolio Acq. Price.

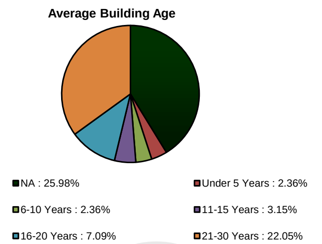
Top 10 Most Recent Dispositions

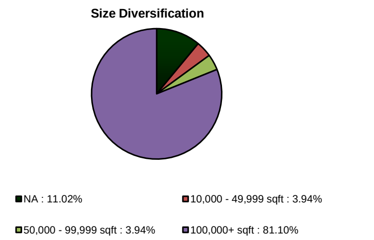
Property Name	Portfolio Dis. Yes/No?	Dis. Date	Owned %	Price ($000)[2]	Size (Owned Sq. Ft.)[3]
Gulf View Square	Yes	02/21/2017	100.00	42,000	756,098
River Oaks Center	Yes	02/21/2017	100.00	42,000	1,124,947
Virginia Center Commons	No	01/10/2017	100.00	9,000	774,619
River Valley Mall	No	12/29/2016	100.00	NA	521,678
Richmond Town Square	No	11/10/2016	100.00	7,300	1,011,473
Knoxville Center	No	08/19/2016	100.00	10,120	970,028
Scottsdale JV	No	08/17/2016	25.00	4,400	NA
Merritt Square Mall	No	06/09/2016	100.00	52,900	811,260
Chesapeake Square	No	04/28/2016	100.00	62,400	760,567
Forest Mall	Yes	01/29/2016	100.00	30,000	500,899

[2] If the transaction is a portfolio sales than the price will be a portfolio disposition Price.

Property Charts

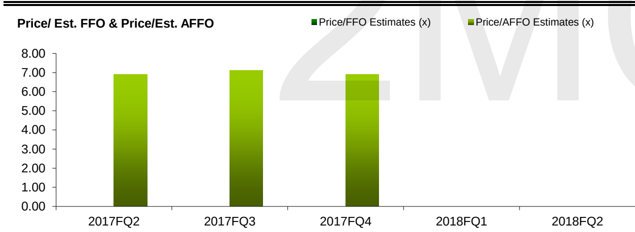


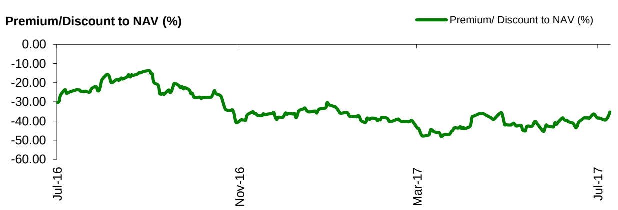




NA = Not Available

Estimates Data





Estimates Information	2017FQ2	2017FQ3	2017FQ4	2018FQ1	2018FQ2
FFO Estimates					
FactSet Mean FFO Estimate ($)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet High FFO Estimate ($)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet Low FFO Estimate ($)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet No. of FFO Estimates (Actual)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
Closing Price ($)	8.83	8.83	8.83	8.83	8.83
Price/FFO Estimates (x)	NA	NA	NA	NA	NA
AFFO Estimates					
SNL Mean AFFO Estimate ($)	0.32	0.31	0.32	NA	NA
SNL High AFFO Estimate ($)	0.32	0.31	0.32	NA	NA
SNL Low AFFO Estimate ($)	0.32	0.31	0.32	NA	NA
SNL No. of AFFO Estimates (Actual)	1	1	1	NA	NA
Price/AFFO Estimates (x)	6.90	7.12	6.90	NA	NA
EBITDA Estimates					
FactSet Mean EBITDA Estimate ($000)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet High EBITDA Estimate ($000)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet Low EBITDA Estimate ($000)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet No. of EBITDA Estimates (Actual)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
Shares Outstanding (Shares)	185,428,977	185,428,977	185,428,977	185,428,977	185,428,977
Total Enterprise Value ($M)	5,537.0	5,537.0	5,537.0	5,537.0	5,537.0
Price/ Est. EBITDA per Share (x)	NA	NA	NA	NA	NA
Current TEV/ Est. EBITDA (x)	NA	NA	NA	NA	NA

NAV	Consensus Estimate	Median	High	Low	Std Dev
NAV per Share ($)	13.65	13.65	16.13	11.17	3.51
Price/ NAV	0.65	0.65	0.55	0.79	
Premium/Discount to NAV (%)	-35.31	-35.31	-45.26	-20.95	
Number of NAV per Share Estimates (actual)	2				

Commentary:

Washington Prime is priced for struggles ahead which we do not see as being all that damaging. Some tenants will leave voluntarily and others may go bankrupt, but WPG should have minimal difficulty in replacing them due to the sheer number of options available and management's willingness to form creative solutions. Empty big box stores can be broken into a number of smaller shops which pay more rent and are faring better in this environment. WPG has even used some of its space for Amazon delivery lockers. The greatest threat to malls is now a mall tenant, and one that brings in a significant amount of foot traffic. People will come in to pick up their package and may grab a bite to eat at the food court or workout at the gym embedded in the mall. I suspect that increased tenant diversity will improve synergy as compared to defaulting apparel stores which tended to cannibalize the sales of their neighbors.