

INLAND REAL ESTATE CORP
Form 8-K
August 29, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 23, 2013

(Exact Name of Registrant as Specified in its Charter)

| | | |
|--|--|--|
| Maryland (State or Other Jurisdiction of Incorporation) | 001-32185 (Commission File Number) | 36-3953261 (IRS Employer Identification No.) |
|--|--|--|

2901 Butterfield Road

Oak Brook, Illinois 60523
(Address of Principal Executive Offices)

(630) 218-8000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

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o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

The information under Item 2.03 below is incorporated by reference into this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On August 21, 2012, Inland Real Estate Corporation (the “Company”) entered into a Second Amended and Restated Term Loan Agreement (the “Term Loan Agreement”) and a Fifth Amended and Restated Line of Credit Agreement (the “Credit Facility,” and together with the Term Loan Agreement, the “Credit Agreements”).

On August 23, 2013, the Company entered into a First Amendment to the Term Loan Agreement (the “Term Loan Amendment”) and a First Amendment to the Credit Facility (the “Credit Facility Amendment,” and together with the Term Loan Amendment, the “Amendments”).

The Term Loan Amendment increased the outstanding balance from \$175 million to \$180 million, which increase will be paid as an Advance to the Company, and extended the maturity date by one year, to August 2018. The Credit Facility Amendment increased the maximum commitment of the bank group from \$175 million to \$180 million and extended the maturity date by one year, to August 2017.

As provided in Schedule 8, the Company generally may borrow under the Credit Agreements at rates of interest that include a base rate applicable to any particular borrowing plus a graduated spread that varies with the Company's leverage ratio. Certain of the spreads applicable to particular leverage ratios have been decreased by the Amendments.

Also as provided in Schedule 8 to each of the Credit Agreements, if the Company obtains an investment grade rating from at least two of Moody's, Fitch and S&P, the applicable margins thereafter potentially will decrease and will vary from time to time by reference to the type of advance (ABR or LIBOR) and the then-current credit ratings of the Company rather than the Company's leverage ratio. The Amendments decrease the applicable margins that correspond to certain credit ratings.

The quarterly unfunded commitment fee payable by the Company if less than 50% of the commitment is funded has been reduced by the Credit Facility Amendment to an amount equal to the unfunded commitment under the Credit Facility (calculated on a daily basis) multiplied by 0.30% per annum. This fee used to be 0.35% of the unfunded commitment.

In connection with the amendments, the definitions of certain terms in the Credit Agreements have been revised in the Amendments as reflected in the tables below:

| Defined Term Under the Applicable Credit Agreement | Percentage Rate Before Amendments | Percentage Rate After Amendments |
|--|-----------------------------------|----------------------------------|
| “Capitalization Rate” | 7.75% | 7.25% |
| “Implied Debt Service” | 7% | 6.5% |

| Defined Term Under the Applicable Credit Agreement | Amount Before Amendments | Amount After Amendments |
|--|--------------------------|-------------------------|
| “Consolidated Net Worth” | \$650,000,000 | \$750,000,000 |
| “Unencumbered Asset Value” | \$400,000,000 | \$500,000,000 |

The term “Unsecured Indebtedness” has been amended to include Recourse Indebtedness that is solely secured by ownership interests in another Person that owns a Project which is encumbered by a Lien securing Indebtedness (as those capitalized terms are defined in the Credit Agreements, respectively).

The information set forth above does not purport to be complete in scope and is qualified in its entirety by the full text of the Amendments, which are attached to this current report as exhibits 10.1 and 10.2, respectively and incorporated into this Item 2.03 by reference.

Item 9.01 Financial Statements and Exhibits.

- (a) Financial Statements of Business Acquired: N/A
- (b) Pro Forma Financial Information: N/A
- (c) Shell company transactions: N/A
- (d) Exhibits:

| Exhibit No. | Description |
|-------------|---|
| 10.1 | First Amendment to Second Amended and Restated Term Loan Agreement, dated as of August 23, 2013, by and among Inland Real Estate Corporation, KeyBank National Association individually and as Administrative Agent, and the Lenders and other parties thereto. |
| 10.2 | First Amendment to Fifth Amended and Restated Credit Agreement, dated as of August 23, 2013, by and among Inland Real Estate Corporation, KeyBank National Association, individually and as Administrative Agent, and the Lenders and other parties thereto. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INLAND REAL ESTATE CORPORATION

Date: August 29, 2013

By: /s/ Mark E. Zalatoris
Name: Mark E. Zalatoris
Title: President and Chief Executive Officer

EXHIBIT INDEX

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