

TRANSCONTINENTAL REALTY INVESTORS INC
Form 10-Q
November 14, 2017

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 September 30, 2017

or

**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 001-09240

TRANSCONTINENTAL REALTY INVESTORS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada 94-6565852
(State or Other Jurisdiction of (I.R.S. Employer

Incorporation or Organization) Identification No.)

1603 Lyndon B. Johnson Freeway, Suite 800, Dallas, Texas 75234
(Address of principal executive offices)
(Zip Code)

(469) 522-4200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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 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.

Large accelerated filer Accelerated filer
Emerging growth company

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.

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

Common Stock, \$.01 par value	8,717,767
(Class)	(Outstanding at November 14, 2017)

**TRANSCONTINENTAL REALTY INVESTORS, INC.
FORM 10-Q**

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****TRANSCONTINENTAL REALTY INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS**

	September 30, 2017 (unaudited) (dollars in thousands, except share and par value amounts)	December 31, 2016
Assets		
Real estate, at cost	\$ 1,054,884	\$ 998,498
Real estate subject to sales contracts at cost, net of depreciation	46,403	46,956
Less accumulated depreciation	(172,352)	(154,281)
Total real estate	928,935	891,173
Notes and interest receivable:		
Performing (including \$45,658 in 2017 and \$67,912 in 2016 from related parties)	64,523	81,133
Less allowance for doubtful accounts (including \$1,825 in 2017 and 2016 from related parties)	(1,825)	(1,825)
Total notes and interest receivable	62,698	79,308
Cash and cash equivalents	57,978	17,506
Restricted cash	42,752	38,227
Investments in unconsolidated joint ventures and investees	2,435	2,446
Receivable from related party	107,696	101,649
Other assets	48,233	55,605
Total assets	\$ 1,250,727	\$ 1,185,914
Liabilities and Shareholders' Equity		
Liabilities:		
Notes and interest payable	\$ 826,050	\$ 835,528
Notes related to real estate held for sale	376	376
Notes related to real estate subject to sales contracts	3,939	5,612
Bond and bond interest payable	107,910	—
Deferred revenue (including \$40,877 in 2017 and \$50,689 in 2016 to related parties)	60,940	71,065
Accounts payable and other liabilities (including \$7,072 in 2017 and \$6,487 in 2016 to related parties)	35,796	48,856
Total liabilities	1,035,011	961,437

Shareholders' equity:

Preferred stock, Series C: \$0.01 par value, authorized 10,000,000 shares; issued and outstanding zero shares in 2017 and 2016. Series D: \$0.01 par value, authorized, issued and outstanding 100,000 shares in 2017 and 2016 (liquidation preference \$100 per share)	1	1
Common stock, \$0.01 par value, authorized 10,000,000 shares; issued 8,717,967 shares in 2017 and 2016; outstanding 8,717,767 shares in 2017 and 2016	87	87
Treasury stock at cost, 200 shares in 2017 and 2016	(2)	(2)
Paid-in capital	269,179	269,849
Retained earnings	(72,519)	(64,050)
Total Transcontinental Realty Investors, Inc. shareholders' equity	196,746	205,885
Non-controlling interest	18,970	18,592
Total shareholders' equity	215,716	224,477
Total liabilities and shareholders' equity	\$ 1,250,727	\$ 1,185,914

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

TRANSCONTINENTAL REALTY INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

		Nine
Three Months		Months
Ended		Ended
September 30,		September
2017	2016	30,
		2017