

STRATUS PROPERTIES INC
Form 10-Q
May 08, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

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: 000-19989

Stratus Properties Inc.

(Exact name of registrant as specified in its charter)

Delaware

72-1211572

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

212 Lavaca St., Suite 300

Austin, Texas

78701

(Address of principal executive offices)

(Zip Code)

(512) 478-5788

(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 Non-accelerated filer 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

On April 30, 2015, there were issued and outstanding 8,061,106 shares of the registrant's common stock, par value \$0.01 per share.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

STRATUS PROPERTIES INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In Thousands)

	March 31, 2015	December 31, 2014	
ASSETS			
Cash and cash equivalents	\$24,724	\$29,645	
Restricted cash	5,385	7,615	
Real estate held for sale	31,872	12,245	
Real estate under development	114,442	123,921	
Land available for development	24,358	21,368	
Real estate held for investment, net	176,295	178,065	
Investment in unconsolidated affiliates	882	795	
Deferred tax assets	9,942	11,759	
Other assets	18,247	17,274	
Total assets	\$406,147	\$402,687	
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$10,669	\$8,076	
Accrued liabilities	6,735	9,670	
Debt	201,722	196,477	
Other liabilities and deferred gain	8,271	13,378	
Total liabilities	227,397	227,601	
Commitments and contingencies			
Equity:			
Stratus stockholders' equity:			
Common stock	91	91	
Capital in excess of par value of common stock	204,465	204,269	
Accumulated deficit	(44,579)	(47,321))
Accumulated other comprehensive loss	(374)	(279))
Common stock held in treasury	(20,470)	(20,317))
Total stockholders' equity	139,133	136,443	
Noncontrolling interests in subsidiaries	39,617	38,643	
Total equity	178,750	175,086	
Total liabilities and equity	\$406,147	\$402,687	

The accompanying Notes to Consolidated Financial Statements (Unaudited) are an integral part of these consolidated financial statements.

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STRATUS PROPERTIES INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(In Thousands, Except Per Share Amounts)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Hotel	\$11,619	\$10,812
Entertainment	4,309	5,487
Real estate operations	2,476	5,431
Commercial leasing	1,821	1,569
Total revenues	20,225	23,299
Cost of sales:		
Hotel	8,082	7,632
Entertainment	3,403	4,021
Real estate operations	2,110	3,818
Commercial leasing	741	701
Depreciation	2,304	2,247
Total cost of sales	16,640	18,419
General and administrative expenses	1,976	2,062
Insurance settlement	—	(530)
Total costs and expenses	18,616	19,951
Operating income	1,609	3,348
Interest expense, net	(850)	(849)
Loss on interest rate cap	(55)	(81)
Other income, net	4	19
Income before income taxes and equity in unconsolidated affiliates' income	708	2,437
Equity in unconsolidated affiliates' income	121	681
Provision for income taxes	(263)	(226)
Income from continuing operations	566	2,892
Income from discontinued operations, net of taxes	3,218	—
Net income	3,784	2,892
Net income attributable to noncontrolling interests in subsidiaries	(1,042)	(1,795)