

Edgar Filing: AMERICAN REALTY INVESTORS INC - Form 8-K/A

AMERICAN REALTY INVESTORS INC
Form 8-K/A
October 10, 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

August 30, 2002

Date of Report (Date of Earliest Event Reported)

AMERICAN REALTY INVESTORS, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	1-15663	75-2847135
-----	-----	-----
(State of Incorporation)	(Commission File No.)	(IRS Employer Identification No.)
1800 Valley View Lane, Suite 300,	Dallas, TX	75234
-----	-----	-----
(Address of Principal Executive Offices)		(Zip Code)

Registrant's Telephone Number, Including Area Code: (469) 522-4200

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

In 2002, American Realty Investors, Inc. ("ARI") has sold a significant amount of its properties, as follows:

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Sale Date	Property	Location	Units/ Sq.Ft./Acres	Sales Price	Gain/ on
				(dollars in Thousands)	
Apartments					
01/18/02	Villas	Plano, TX	208 Units	\$ 8,525	\$
03/20/02	Mallard Lake	Greensboro, NC	336 Units	14,400	
05/02/02	Stonebridge	Florissant, MO	100 Units	4,340	
06/13/02	Oak Hill	Tallahassee, FL	92 Units	3,200	
06/24/02	Regency on Kennedy	Tampa, FL	78 Units	3,200	
07/11/02	Woodsong	Smyrna, GA	190 Units	9,200	
07/31/02	Valley Hi	Tallahassee, FL	54 Units	1,452	
07/31/02	White Pines	Tallahassee, FL	85 Units	764	
08/30/02	Morning Star	Tallahassee, FL	82 Units	2,217	
08/30/02	Stonegate	Tallahassee, FL	83 Units	1,785	
Commercial					
03/08/02	Oaktree Village	Lubbock, TX	45,623 Sq.Ft.	912	
06/26/02	Centura Tower	Farmers Branch, TX	410,901 Sq.Ft.	50,000	
Land					
01/11/02	Thompson II	Dallas County, TX	0.2 Acres	21	
02/26/02	Katrina	Palm Desert, CA	2.1 Acres	1,323	
03/08/02	Lakeshore Villas	Harris County, TX	16.9 Acres	1,499	
03/08/02	Rasor	Plano, TX	24.5 Acres	1,211	
03/08/02	Vista Ridge	Lewisville, TX	10.0 Acres	1,525	
04/10/02	Mason Goodrich	Houston, TX	7.9 Acres	672	
05/03/02	Mason Goodrich	Houston, TX	10.3 Acres	1,444	
06/13/02	Hollywood Casino	Farmers Branch, TX	42.8 Acres	16,987	
06/26/02	Marine Creek	Ft. Worth, TX	54.2 Acres	3,700	
06/26/02	Mason Goodrich	Houston, TX	18.0 Acres	2,790	
06/26/02	Monterrey	Riverside, CA	65.0 Acres	4,625	
06/26/02	Nashville	Nashville, TN	16.6 Acres	1,890	
08/07/02	Elm Fork	Denton County, TX	14.5 Acres	2,745	
08/16/02	Elm Fork	Denton County, TX	14.2 Acres	1,526	
				\$ 141,953	\$
				=====	==

Sale Date	Purchaser
Apartments	
01/18/02	First Guaranty Exchange Company
03/20/02	Grand Lagoon Associates, Ltd., Park Avenue Associates, Ltd., Governor's Square Associates, Ltd., IG Ashford Regency Partners, L.P.; ISV Greenbriar Associates, Ltd., ART Westwood Associates, Ltd.
05/02/02	Florissant Townhomes, Inc.
06/13/02	Oak Hill Apartments, LLC
06/24/02	Regency Property Group, LLC
07/11/02	Woodsong Apartments Partners, L.P.
07/31/02	Villas San Carlo, LLC
07/31/02	Villas San Carlo, LLC
08/30/02	Villas San Carlo II, LLC
08/30/02	Villas San Carlo II, LLC
Commercial	

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03/08/02 Transcontinental Realty Investors, Inc. ("TCI")
 06/26/02 TCI

Land

01/11/02 City of Dallas, Texas
 02/26/02 BP West Coast Products, LLC
 03/08/02 TCI
 03/08/02 TCI
 03/08/02 Lewisville Independent School District
 04/10/02 Glen R. Ginter, DDS
 05/03/02 Metropolitan Transit Authority
 06/13/02 TCI
 06/26/02 TCI
 06/26/02 TCI
 06/26/02 TCI
 06/26/02 TCI
 08/07/02 Lewisville Independent School District
 08/16/02 Alta Carrollton, L.P.

- (1) The accounting treatment of this transaction has been changed from that described in the March 31, 2002 and June 30, 2002 ARI Quarterly Reports on Form 10-Q, eliminating the gain. Both Quarterly Reports on Form 10-Q will be amended.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

Proforma statements of operations are presented for the year ended December 31, 2001, and the six months ended June 30, 2002. The proforma statements of operations present ARI's operations as if the transactions described above had occurred at January 1 of each of the periods presented. A proforma balance sheet as of June 30, 2002, is also presented. The proforma balance sheet presents the property sales described above, as if they had occurred at January 1, 2002.

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AMERICAN REALTY INVESTORS, INC.
 PROFORMA COMBINED CONSOLIDATED BALANCE SHEET
 JUNE 30, 2002

	Actual/ (1) / -----	Woodsong/ (2) / -----	Valley Hi/ -----
Assets			
Real estate held for investment	\$ 442,583	\$ (4,703)	\$ (926
Less - accumulated depreciation	(112,614)	3,455	94
	----- 329,969	----- (1,248)	----- (832
Real estate held for sale	195,881	--	--

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Notes and interest receivable			
Performing	28,206	--	--
Non-performing	7,516	--	--
Less - allowance for losses	(2,577)	--	--
	-----	-----	-----
	33,145	--	--
Net pizza parlor equipment	7,373	--	--
Marketable equity securities, at market value	90	--	--
Cash and cash equivalents	2,631	(39)	(4)
Investments in equity investees	81,170	--	--
Intangibles, net of accumulated amortization	15,565	--	--
Other assets	36,839	(9,408)	783
	-----	-----	-----
	\$ 702,663	\$ (10,695)	\$ (53)
	=====	=====	=====

	Stonegate/(2)/	Elm Fork/(2)/	Profor
	-----	-----	-----
Assets			
Real estate held for investment	\$ (1,886)	\$ --	\$ 432,9
Less - accumulated depreciation	180	--	(108,6
	-----	-----	-----
	(1,706)	--	324,3
Real estate held for sale	--	(1,850)	194,0
Notes and interest receivable			
Performing	--	--	28,2
Non-performing	--	--	7,5
Less - allowance for losses	--	--	(2,5
	-----	-----	-----
	--	--	33,1
Net pizza parlor equipment	--	--	7,3
Marketable equity securities, at market value	--	--	--
Cash and cash equivalents	(3)	--	2,5
Investments in equity investees	--	--	81,1
Intangibles, net of accumulated amortization	--	--	15,5
Other assets	603	12	29,2
	-----	-----	-----
	\$ (1,106)	\$ (1,838)	\$ 687,5
	=====	=====	=====

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	-----	-----	-----
Liabilities and Equity			
Notes and interest payable	\$ 532,557	\$ (8,302)	\$ --
Margin borrowings	26,005	--	--
Other liabilities	58,087	(82)	(23)
	-----	-----	-----
	616,649	(8,384)	(23)
Minority interest	22,193	--	--
Stockholders' Equity			
Preferred stock	4,950	--	--
Common stock	114	--	--
Paid-in capital	112,184	--	--
Accumulated (deficit)	(56,161)	(2,311)	(30)
Accumulated other comprehensive income	2,734	--	--
	-----	-----	-----
	63,821	(2,311)	(30)
	-----	-----	-----
	\$ 702,663	\$ (10,695)	\$ (53)
	=====	=====	=====

	Stonegate/ (2) / -----	Elm Fork/ (2) / -----	Proforma -----
Liabilities and Equity			
Notes and interest payable	\$ (1,036)	\$ (3,498)	\$ 518,522
Margin borrowings	--	--	26,005
Other liabilities	(42)	--	57,875
	-----	-----	-----
	(1,078)	(3,498)	602,402
Minority interest	--	--	22,193
Stockholders' Equity			
Preferred stock	--	--	4,950
Common stock	--	--	114
Paid-in capital	--	--	112,184
Accumulated (deficit)	(28)	1,660	(57,009)
Accumulated other comprehensive income	--	--	2,734
	-----	-----	-----
	(28)	1,660	62,973
	-----	-----	-----
	\$ (1,106)	\$ (1,838)	\$ 687,568
	=====	=====	=====

(1) Includes properties sold prior to June 30, 2002. Reflects the change in accounting treatment of the Mallard Lake transaction. See ITEM 2. "ACQUISITION OR DISPOSITION OF ASSETS."

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(2) Assumes sale by ARI on January 1, 2002.

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AMERICAN REALTY INVESTORS, INC.
 PROFORMA COMBINED STATEMENT OF OPERATIONS / (1) (2) /
 SIX MONTHS ENDED JUNE 30, 2002

	Actual / (3) /	Apartments / (4) /	Commercial / (5) /	Land / (6)
	-----	-----	-----	-----
Property revenue				
			(dollars in thousands)	
Rents	\$ 56,842	\$ (2,682)	\$ (3,116)	\$ --
Property operations expenses	39,800	(1,226)	(1,812)	(1,973)
	-----	-----	-----	-----
	17,042	(1,456)	(1,304)	1,973
Land operations				
Sales	20,701	--	--	4,270
Cost of sales	17,338	--	--	2,164
	-----	-----	-----	-----
	3,363	--	--	2,106
Pizza parlor operations				
Sales	18,276	--	--	--
Cost of sales	14,747	--	--	--
	-----	-----	-----	-----
	3,529	--	--	--
Income from operations	23,934	(1,456)	(1,304)	4,079
Other income				
Interest and other	1,397	--	47	(45)
Equity in loss of investees	(9,233)	--	--	--
Loss on sale of investments in equity investees	(531)	--	--	--
Other	326	--	--	--
	-----	-----	-----	-----
	(8,041)	--	47	(45)
Other expense				
Interest	36,269	(1,032)	(3,553)	(4,124)
Depreciation and amortization	7,909	(258)	(1,282)	--
General and administrative	6,481	--	--	(4)
Advisory fee to affiliate	3,252	(21)	(32)	(17)
Minority interest	1,560	--	--	--
	-----	-----	-----	-----
	55,471	(1,311)	(4,867)	(4,145)
Net income (loss) from continuing operations	(39,578)	(145)	3,610	8,179
Discontinued operations:				
Income (loss) from operations	(42)	59	(17)	--
Gain on sale of real estate	7,765	7,939	--	--
Equity in gain on sale of real estate by equity investees	8,280	--	--	--
	-----	-----	-----	-----
Net income (loss) from				

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discontinued operations	16,003	7,998	(17)	--
Net income (loss)	(23,575)	7,853	3,593	8,179
Preferred dividend requirement	(1,200)	--	--	--
	-----	-----	-----	-----
Net income (loss) applicable to Common shares	\$ (24,775)	\$ 7,853	\$ 3,593	\$ 8,179
	=====	=====	=====	=====

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AMERICAN REALTY INVESTORS, INC.
PROFORMA COMBINED STATEMENT OF OPERATIONS - Continued / (1) (2) /
SIX MONTHS ENDED JUNE 30, 2002

	Actual / (3) /	Apartments / (4) /	Commercial / (5) /
	-----	-----	-----
	(dollars in thousands)		
Earnings per share			
Net loss from continued operations	\$ (3.58)		
Discontinued operations	1.40		

Net loss.....	\$ (2.18)		
	=====		
Weighted average Common shares used in computing earnings per share	11,375,127		
	=====		

-
- (1) The Proforma Combined Statement of Operations assumes that each property was sold by ARI on January 1, 2002.
 - (2) Operating results for sold properties are their actual operating results from January 1 to their respective date of sale.
 - (3) Reflects the change in accounting treatment of the Mallard Lake transaction. See ITEM 2. "ACQUISITION OR DISPOSITION OF ASSETS."
 - (4) Includes the Villas Apartments sold in January 2002; Mallard Lakes Apartments sold in March 2002; Stonebridge Apartments sold in May 2002; Oak Hill and Regency on Kennedy Apartments sold in June 2002; Woodsong, Valley Hi and White Pines Apartments sold in July 2002; and Morning Star and Stonegate Apartments sold in August 2002.
 - (5) Includes the Oaktree Village Shopping Center sold in March 2002 and the Centura Tower Office Building sold in June 2002.
 - (6) Includes the partial sale of the Thompson II land parcel in January 2002; the partial sale of the Katrina land parcel in February 2002; the sale of the Razor land parcel and the partial sale of the Lakeshore Villas and Vista Ridge land parcels in March 2002; the partial sale of the Mason Goodrich land parcel in April 2002; the partial sale of the Mason Goodrich land parcel in May 2002; the sale of the Hollywood Casino, Marine Creek and

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Monterrey land parcels and the partial sale of the Mason Goodrich and Nashville land parcels in June 2002; and the partial sale of the Elm Fork land parcel in August 2002.

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AMERICAN REALTY INVESTORS, INC.
 PROFORMA COMBINED STATEMENT OF OPERATIONS / (1) (2) /
 YEAR ENDED DECEMBER 31, 2001

	Actual	Apartments/(3)/	Commercial/(4)/	Land
	-----	-----	-----	-----
Property revenue			dollars in thousands)	
Rents	\$ 129,300	\$ (8,296)	\$ (4,473)	\$
Property operations expenses	93,185	(4,263)	(3,473)	(2,6
	-----	-----	-----	-----
	36,115	(4,033)	(1,000)	2,6
Land operations				
Sales	45,290	--	--	41,5
Cost of sales	36,083	--	--	36,9
	-----	-----	-----	-----
	9,207	--	--	4,6
Pizza parlor operations				
Sales	34,211	--	--	
Cost of sales	27,934	--	--	
	-----	-----	-----	-----
	6,277	--	--	
Oil and gas operations				
Sales	59	--	--	
Operating expenses	269	--	--	
	-----	-----	-----	-----
	(210)	--	--	
Income from operations	51,389	(4,033)	(1,000)	7,2
Other income				
Interest and other	2,448	(160)	(2)	
Equity in loss of investees	8,803	--	--	
Gain on sale of real estate	74,207	15,701	--	
	-----	-----	-----	-----
	85,458	15,541	(2)	
Other expense				
Interest	77,048	(2,502)	(5,958)	(11,9
Depreciation and amortization	17,707	(677)	(2,431)	
General and administrative	12,743	--	--	
Advisory fee to affiliate	6,715	(254)	(384)	(1
Net income fee to affiliate	166	1,494	777	1,9
Incentive fees to affiliate	3,827	485	(470)	
Litigation settlement	100	--	--	
Provision for loss	2,500	--	--	
Minority interest	972	--	--	
	-----	-----	-----	-----
	121,778	(1,454)	(8,466)	(10,1
	-----	-----	-----	-----
Net income	15,069	12,962	7,464	17,4
Preferred dividend requirement	(2,485)	--	--	
	-----	-----	-----	-----

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Net income applicable to Common shares	\$ 12,584	\$ 12,962	\$ 7,464	\$ 17,4
	=====	=====	=====	=====
Earnings per share				
Net income	\$ 1.07			
	=====			
Weighted average Common shares used in computing earnings per share ..	11,714,374			
	=====			

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AMERICAN REALTY INVESTORS, INC.
 NOTES TO PROFORMA COMBINED
 STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2001

- (1) The Proforma Combined Statement of Operations assumes that each property was sold by ARI on January 1, 2001.
- (2) Operating results for sold properties are their actual operating results for 2001.
- (3) Includes the Villas Apartments sold in January 2002; Mallard Lakes Apartments sold in March 2002; Stonebridge Apartments sold in May 2002; Oak Hill and Regency on Kennedy Apartments sold in June 2002; Woodsong, Valley Hi and White Pines Apartments sold in July 2002; and Morning Star and Stonegate Apartments sold in August 2002.
- (4) Includes the Oaktree Village Shopping Center sold in March 2002 and the Centura Tower Office Building sold in June 2002.
- (5) Includes the partial sale of the Thompson II land parcel in January 2002; the partial sale of the Katrina land parcel in February 2002; the sale of the Razor land parcel and the partial sale of the Lakeshore Villas and Vista Ridge land parcels in March 2002; the partial sale of the Mason Goodrich land parcel in April 2002; the partial sale of the Mason Goodrich land parcel in May 2002; the sale of the Hollywood Casino, Marine Creek and Monterrey land parcels and the partial sale of the Mason Goodrich and Nashville land parcels in June 2002; and the partial sale of the Elm Fork land parcel in August 2002.

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SIGNATURE

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 hereto duly authorized.

AMERICAN REALTY INVESTORS, INC.

Date: October 10, 2002

By: /s/ Ronald E. Kimbrough

Ronald E. Kimbrough
Executive Vice President and Chief
Financial Officer (Principal
Financial and Accounting Officer and
Acting Principal Executive Officer)