

Sunstone Hotel Investors, Inc.
Form 10-Q
August 08, 2014
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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 June 30, 2014

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 001-32319

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Sunstone Hotel Investors, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	20-1296886 (I.R.S. Employer Identification Number)
120 Vantis, Suite 350 Aliso Viejo, California (Address of Principal Executive Offices)	92656 (Zip Code)

Registrant's telephone number, including area code: (949) 330-4000

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
(Do not check if a smaller reporting company)

Smaller reporting company

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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.

205,431,629 shares of Common Stock, \$0.01 par value, as of August 1, 2014

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SUNSTONE HOTEL INVESTORS, INC.

QUARTERLY REPORT ON

FORM 10-Q

For the Quarterly Period Ended June 30, 2014

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

SUNSTONE HOTEL INVESTORS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 360,702	\$ 104,363
Restricted cash	87,975	89,306
Accounts receivable, net	43,093	29,941
Inventories	1,275	1,464
Prepaid expenses	11,571	12,612
Total current assets	504,616	237,686
Investment in hotel properties, net	3,230,895	3,231,382
Deferred financing fees, net	7,747	9,219
Goodwill	9,405	9,405
Other assets, net	30,297	21,106
Total assets	\$ 3,782,960	\$ 3,508,798
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 30,192	\$ 25,116
Accrued payroll and employee benefits	26,463	29,933
Dividends payable	12,370	11,443
Other current liabilities	38,173	30,288
Current portion of notes payable	122,835	23,289
Total current liabilities	230,033	120,069
Notes payable, less current portion	1,269,587	1,380,786
Capital lease obligations, less current portion	15,576	15,586
Other liabilities	34,106	39,958
Total liabilities	1,549,302	1,556,399
Commitments and contingencies (Note 12)		
Equity:		
Stockholders' equity:		

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Preferred stock, \$0.01 par value, 100,000,000 shares authorized.

8.0% Series D Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding at June 30, 2014 and December 31, 2013, stated at liquidation preference of \$25.00 per share