

Sunstone Hotel Investors, Inc.
Form 10-Q
May 03, 2012
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

OR

**o 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

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

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.

119,108,077 shares of Common Stock, \$0.01 par value, as of May 1, 2012

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SUNSTONE HOTEL INVESTORS, INC.

QUARTERLY REPORT ON

FORM 10-Q

For the Quarterly Period Ended March 31, 2012

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	March 31, 2012 (unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 126,199	\$ 150,533
Restricted cash	71,991	67,898
Accounts receivable, net	35,275	32,542
Inventories	2,638	2,608
Prepaid expenses	10,336	10,272
Total current assets	246,439	263,853
Investment in hotel properties, net	2,761,006	2,777,826
Other real estate, net	11,723	11,859
Deferred financing fees, net	13,637	14,651
Goodwill	13,088	13,088
Other assets, net	18,838	19,963
Total assets	\$ 3,064,731	\$ 3,101,240
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 22,370	\$ 26,854
Accrued payroll and employee benefits	16,423	20,863
Due to Third-Party Managers	8,436	9,227
Dividends payable	7,437	7,437
Other current liabilities	31,164	28,465
Current portion of notes payable	111,346	53,935
Total current liabilities	197,176	146,781
Notes payable, less current portion	1,449,246	1,516,542
Other liabilities	13,284	12,623
Total liabilities	1,659,706	1,675,946
Commitments and contingencies <i>(Note 14)</i>		
Preferred stock, Series C Cumulative Convertible Redeemable Preferred Stock, \$0.01 par value, 4,102,564 shares authorized, issued and outstanding at March 31, 2012 and December 31, 2011, liquidation preference of \$24.375 per share	100,000	100,000
Equity:		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized.		
8.0% Series A Cumulative Redeemable Preferred Stock, 7,050,000 shares issued and outstanding at March 31, 2012 and December 31, 2011, stated at liquidation preference of \$25.00 per share	176,250	176,250
8.0% Series D Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding at March 31, 2012 and December 31, 2011, stated at liquidation preference of \$25.00 per share	115,000	115,000
	1,176	1,173

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Common stock, \$0.01 par value, 500,000,000 shares authorized, 117,571,234 shares issued and outstanding at March 31, 2012 and 117,265,090 shares issued and outstanding at December 31, 2011

Additional paid in capital	1,313,581	1,312,566
Retained earnings	97,052	110,580
Cumulative dividends	(452,833)	(445,396)
Accumulated other comprehensive loss	(4,916)	(4,916)
Total stockholders' equity	1,245,310	1,265,257
Non-controlling interest in consolidated joint ventures	59,715	60,037
Total equity	1,305,025	1,325,294
Total liabilities and equity	\$ 3,064,731	\$ 3,101,240

See accompanying notes to consolidated financial statements.

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SUNSTONE HOTEL INVESTORS, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except per share data)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
REVENUES		
Room	\$ 136,538	\$ 106,480
Food and beverage	51,837	39,285
Other operating	16,846	13,293