

BRT REALTY TRUST
Form 10-Q
August 06, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 2010

OR

Transition Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Commission File Number 001-07172

BRT REALTY TRUST
(Exact name of Registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)

13-2755856
(I.R.S. Employer
Identification No.)

60 Cutter Mill Road, Great Neck, NY
(Address of principal executive offices)

11021
(Zip Code)

516-466-3100
(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 website, 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 definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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 stock, as of the latest practicable date.

14,082,236 Shares of Beneficial Interest,
\$3 par value, outstanding on August 5, 2010

Part 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

BRT REALTY TRUST AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (Amounts in thousands except per share amounts)

	June 30, 2010 (Unaudited)	September 30, 2009
ASSETS		
Real estate loans		
Earning interest	\$ 16,154	\$ 44,677
Non-earning interest	35,142	2,836
	51,296	47,513
Deferred fee income	(263)	(44)
Allowance for possible losses	(3,165)	(1,618)
	47,868	45,851
Purchase money mortgage loans	16,960	16,804
Real estate loans held for sale	-	16,915
Real estate properties net of accumulated depreciation of \$1,633 and \$1,145	54,509	55,544
Investment in unconsolidated ventures at equity	776	2,477
Cash and cash equivalents	50,253	25,708
Available-for-sale securities at market	7,985	8,963
Real estate properties held for sale	51	14,204
Other assets	6,350	6,867
Total Assets	\$ 184,752	\$ 193,333
LIABILITIES AND EQUITY		
Liabilities:		
Junior subordinated notes	\$ 40,667	\$ 40,234
Mortgages payable	10,669	9,460
Accounts payable and accrued liabilities	921	2,149
Deposits payable	1,904	1,965
Dividends payable	-	13,308
Total Liabilities	54,161	67,116
Commitments and contingencies	-	-
Equity:		
BRT Realty Trust shareholders' equity:		
Preferred shares, \$1 par value:		
Authorized 10,000 shares, none issued	-	-
Shares of beneficial interest, \$3 par value:		
Authorized number of shares, unlimited, 15,148 and 12,711 issued	45,445	38,133
Additional paid-in capital	172,075	167,073
Accumulated other comprehensive income—net unrealized gain on available-for-sale securities	1,168	2,711
Retained deficit	(82,223)	(75,374)
Cost of 1,460 and 1,438 treasury shares of beneficial interest	(11,364)	(11,316)
Total BRT Realty Trust shareholders' equity	125,101	121,227
Noncontrolling interests	5,490	4,990

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Total Equity	130,591	126,217
Total Liabilities and Equity	\$ 184,752	\$ 193,333

See accompanying notes to consolidated financial statements.

BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Amounts in thousands except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Revenues:				
Interest on real estate loans	\$ 592	\$ 1,286	\$ 1,751	\$ 7,591
Interest on purchase money mortgage loans	344	27	1,029	27
Loan fee income	48	196	163	803
Rental revenues from real estate properties	871	377	2,610	1,083
Recovery of previously provided allowances	365	-	365	-
Other, primarily investment income	125	174	335	537
Total revenues	2,345	2,060	6,253	10,041
Expenses:				
Interest on borrowed funds	527	923	1,572	3,725
Advisor's fees, related party	199	289	596	941
Provision for loan loss	-	-	3,165	17,530
Impairment charges	2,625	122	2,625	1,272
Foreclosure related professional fees	141	97	310	687
Debt restructuring expense	-	685	-	685
General and administrative—including \$188 and \$261 to related party for the three month periods and \$622 and \$747 for the nine month periods, respectively	1,565	1,928	4,581	5,336
Operating expenses relating to real estate properties including interest on mortgages payable of \$162 and \$47 for the three month periods and \$474 and \$119 for the nine month periods, respectively	1,079	742	3,061	1,510
Amortization and depreciation	231	212	664	1,063
Total expenses	6,367	4,998	16,574	32,749
Total revenues less total expenses	(4,022)	(2,938)	(10,321)	(22,708)
Equity in earnings (loss) of unconsolidated ventures	33	104	143	(1,983)
Gain on sale of joint venture interests	-	-	-	271
Gain on sale of available-for-sale securities	-	92	1,586	92
Loss from continuing operations	(3,989)	(2,742)	(8,592)	(24,328)
Discontinued operations:				
Loss from operations	(54)	(535)	(596)	(1,751)
Impairment charges	-	(2,460)	(745)	(25,561)
Gain on sale of real estate assets	643	257	1,918	287
Income (loss) from discontinued operations	589	(2,738)	577	(27,025)
Net loss	(3,400)	(5,480)	(8,015)	(51,353)
Less net loss attributable to non controlling interests	429	217	1,166	131
Net loss attributable to common shareholders	\$ (2,971)	\$ (5,263)	\$ (6,849)	\$ (51,222)
Basic and diluted per share amounts attributable to common shareholders:				
Loss from continuing operations	\$ (.25)	\$ (.22)	\$ (.54)	\$ (2.07)
Income (loss) from discontinued operations	.04	(.23)	.04	(2.32)

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Basic and diluted loss per share	\$	(.21)	\$	(.45)	\$	(.50)	\$	(4.39)
Amounts attributable to BRT Realty Trust:								
Loss from continuing operations	\$	(3,560)	\$	(2,525)	\$	(7,426)	\$	(24,197)
Income (loss) from discontinued operations		589		(2,738)		577		(27,025)
Net loss	\$	(2,971)	\$	(5,263)	\$	(6,849)	\$	(51,222)
Weighted average number of common shares outstanding:								
Basic and diluted		14,106,816		11,624,219		13,800,708		11,667,055

See accompanying notes to consolidated financial statements.

BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

(Amounts in thousands except for per share amounts)

Shares of	Additional	Accumulated	Retained	Treasury	Non
Beneficial	Paid-In	Other	Deficit	Shares	Controlling
Interest	Capital	Comprehensive			
		Income			