

Xenia Hotels & Resorts, Inc.  
Form 10-Q  
November 05, 2018

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 September 30, 2018

OR

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

For the transition period ended \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-36594

Xenia Hotels & Resorts, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland 20-0141677  
(State of Incorporation) (I.R.S. Employer Identification No.)

200 S. Orange Avenue 32801  
Suite 2700, Orlando, Florida  
(Address of Principal Executive Offices) (Zip Code)  
(407) 246-8100  
(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 every Interactive Data File required to be submitted 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 such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange

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Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o  
Yes  No

As of October 29, 2018, there were 112,559,248 shares of the registrant's common stock outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## XENIA HOTELS &amp; RESORTS, INC.

## Condensed Consolidated Balance Sheets

As of September 30, 2018 and December 31, 2017

(Dollar amounts in thousands, except per share data)

	September 30, 2018	December 31, 2017
Assets	(Unaudited)	
Investment properties:		
Land	\$ 459,439	\$ 440,930
Buildings and other improvements	3,073,531	2,878,375
Total	\$ 3,532,970	\$ 3,319,305
Less: accumulated depreciation	(742,132 )	(628,450 )
Net investment properties	\$ 2,790,838	\$ 2,690,855
Cash and cash equivalents	90,040	71,884
Restricted cash and escrows	57,986	58,520
Accounts and rents receivable, net of allowance for doubtful accounts	42,105	35,865
Intangible assets, net of accumulated amortization of \$6,081 and \$3,286, respectively	65,658	68,000
Other assets	65,081	37,512
Assets held for sale	—	152,672
Total assets (including \$68,201 and \$70,269, respectively, related to consolidated variable interest entities - Note 6)	\$ 3,111,708	\$ 3,115,308
Liabilities		
Debt, net of loan discounts and unamortized deferred financing costs (Note 7)	\$ 1,133,888	\$ 1,322,593
Accounts payable and accrued expenses	97,700	77,005
Distributions payable	31,550	29,930
Other liabilities	44,607	40,694
Total liabilities (including \$45,980 and \$46,637, respectively, related to consolidated variable interest entities - Note 6)	\$ 1,307,745	\$ 1,470,222
Commitments and Contingencies (Note 14)		
Stockholders' equity		
Common stock, \$0.01 par value, 500,000,000 shares authorized, 112,559,248 and 106,735,336 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	\$ 1,126	\$ 1,068
Additional paid in capital	2,059,482	1,924,124
Accumulated other comprehensive income	24,086	10,677
Accumulated distributions in excess of net earnings	(318,616 )	(320,964 )
Total Company stockholders' equity	\$ 1,766,078	\$ 1,614,905
Non-controlling interests	37,885	30,181
Total equity	\$ 1,803,963	\$ 1,645,086
Total liabilities and equity	\$ 3,111,708	\$ 3,115,308

See accompanying notes to the condensed consolidated financial statements.

## XENIA HOTELS &amp; RESORTS, INC.

## Condensed Consolidated Statements of Operations and Comprehensive Income

For the Three and Nine Months Ended September 30, 2018 and 2017

(unaudited)

(Dollar amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Rooms revenues	\$156,973	\$152,942	\$495,378	\$462,261
Food and beverage revenues	69,179	56,653	242,014	185,030
Other revenues	14,837	13,694	45,152	38,851
Total revenues	\$240,989	\$223,289	\$782,544	\$686,142
Expenses:				
Rooms expenses	38,007	35,427	115,183	104,406
Food and beverage expenses	49,130	40,507	155,633	121,489
Other direct expenses	4,609	3,441	13,798	9,750
Other indirect expenses	60,796	54,859	187,189	163,573
Management and franchise fees	10,459	9,393	34,466	32,493
Total hotel operating expenses	\$163,001	\$143,627	\$506,269	\$431,711
Depreciation and amortization	39,282	37,492	116,684	110,596
Real estate taxes, personal property taxes and insurance	11,652	10,152	35,331	32,208
Ground lease expense	1,120	1,393	3,826	4,178
General and administrative expenses	6,919	7,258	22,852	23,479
Gain on business interruption insurance	(234)	—	(2,883)	—
Acquisition and terminated transaction costs	8	210	230	1,476
Impairment and other losses	—	2,174	—	2,174
Total expenses	\$221,748	\$202,306	\$682,309	\$605,822
Operating income	\$19,241	\$20,983	\$100,235	\$80,320
Gain on sale of investment properties	—	1,570	42,294	50,747
Other income	10	428	842	766
Interest expense	(11,902)	(11,599)	(38,672)	(32,896)
Loss on extinguishment of debt	—	—	(465)	(274)
Net income before income taxes	\$7,349	\$11,382	\$104,234	\$98,663
Income tax benefit (expense)	1,985	385	(8,325)	(7,670)
Net income	\$9,334	\$11,767	\$95,909	\$90,993
Non-controlling interests in consolidated real estate entities (Note 6)	167	130	325	75
Non-controlling interests of Common Units in Operating Partnership (Note 1)	(257)	(259)	(2,539)	(1,899)
Net income attributable to non-controlling interests	\$(90)	\$(129)	\$(2,214)	\$(1,824)
Net income attributable to common stockholders	\$9,244	\$11,638	\$93,695	\$89,169

XENIA HOTELS & RESORTS, INC.

Condensed Consolidated Statements of Operations and Comprehensive Income, Continued

For the Three and Nine Months Ended September 30, 2018 and 2017

(unaudited)

(Dollar amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Basic and diluted earnings per share				
Net income per share available to common stockholders - basic and diluted	\$0.08	\$ 0.11	\$0.85	\$ 0.83
Weighted average number of common shares (basic)	112,086,917	106,727,330	109,298,804	106,779,824
Weighted average number of common shares (diluted)	112,361,052	106,995,887	109,550,566	107,020,675
Comprehensive Income:				
Net income	\$9,334	\$ 11,767	\$95,909	\$ 90,993
Other comprehensive income:				
Unrealized gain (loss) on interest rate derivative instruments	2,847	(258 )	15,306	(1,932 )
Reclassification adjustment for amounts recognized in net income (interest expense)	(879 )	412	(1,539 )	1,916
	\$ 11,302	\$ 11,921	\$ 109,676	\$ 90,977
Comprehensive (income) loss attributable to non-controlling interests:				
Non-controlling interests in consolidated real estate entities (Note 6)	167	130	325	75
Non-controlling interests of Common Units in Operating Partnership (Note 1)	(308 )	(262 )	(2,897 )	(1,897 )
Comprehensive income attributable to non-controlling interests	\$(141 )	\$(132 )	\$(2,572 )	\$(1,822 )
Comprehensive income attributable to the Company	\$11,161	\$ 11,789	\$107,104	\$ 89,155
See accompanying notes to the condensed consolidated financial statements.				

XENIA HOTELS & RESORTS, INC.

Condensed Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2018

(unaudited)

(Dollar amounts in thousands, except per share data)

	Common Stock		Accumulated other comprehensive income	Distributions in excess of retained earnings	Non-controlling Interests			Total
	Shares	Amount paid in capital			Operating Partnership	Consolidated Real Estate Entities	Total Non-controlling Interests	
Balance at December 31, 2017	106,735,336	\$ 1,068	\$ 1,924,124	\$ 10,677	\$ (320,964 )	\$ 17,781	\$ 12,400	\$ 30,181