

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-07-28** | Period of Report: **1995-06-30**
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FILER

ANGELES PARTICIPATING MORTGAGE TRUST

CIK: **831972** | IRS No.: **956881527** | State of Incorpor.: **CA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10150** | Film No.: **95556877**
SIC: **6798** Real estate investment trusts

Mailing Address

2049 CENTURY PARK EAST
SUITE 4080
2049 CENTURY PARK EAST
SUITE 4080
LOS ANGELES CA 90067

Business Address

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4080
LOS ANGELES CA 90067
3107720145

SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

FORM 10-Q

(Mark One)

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

For the quarter period ended June 30, 1995

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 1-10150

ANGELES PARTICIPATING MORTGAGE TRUST

(Exact Name of Registrant as Specified in Its Charter)

California

95-6881527

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

340 North Westlake Boulevard, Suite 230, Westlake Village, California 91362

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code (805) 449-1335

No Change

Former Name, Former Address and Former Fiscal Year If Changed Since Last Report

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on
Which Registered

Class A Shares

American Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

NONE

(Title of class)

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 [X] No

Total Pages 10

ANGELES PARTICIPATING MORTGAGE TRUST

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
ANGELES PARTICIPATING MORTGAGE TRUST
BALANCE SHEETS

<TABLE>

<CAPTION>

	June 30, 1995	December 31, 1994
	----- Unaudited <C>	----- <C>
ASSETS		
Cash and cash equivalents	\$ 659,000	\$ 872,000
Investments (at cost, market value approximates \$1,426,000 at 1995 and \$1,355,000 at 1994)	1,406,000	1,371,000
Other receivables	37,000	16,000
Other assets	128,000	113,000
	-----	-----
Total assets	\$ 2,230,000	\$ 2,372,000
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 29,000	\$ 82,000
	-----	-----
Total liabilities	\$ 29,000	\$ 82,000
	-----	-----
Shareholders' equity:		
Class A Shares (2,550,000 shares issued and outstanding, \$1.00 par value, unlimited shares authorized)	\$ 2,550,000	\$ 2,550,000
Class B Shares (1,275,000 shares issued and outstanding, \$.01 par value, unlimited shares authorized)	13,000	13,000
Additional paid in capital	42,329,000	42,329,000
Accumulated undistributed net realized gain from sale of mortgages	2,545,000	2,545,000
Accumulated distributions in excess of cumulative net income other than gain from sale of mortgages	(45,236,000)	(45,147,000)
	-----	-----
Total shareholders' equity	\$ 2,201,000	\$ 2,290,000
	-----	-----
Total liabilities and shareholders' equity	\$ 2,230,000	\$ 2,372,000
	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements.

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STATEMENTS OF OPERATIONS-UNAUDITED

<TABLE>

<CAPTION>

Three months ended June 30		Six months ended June 30	
----- 1995	----- 1994	----- 1995	----- 1994

<S>	<C>	<C>	<C>	<C>
REVENUE:				
Interest income from investments	\$ 36,000	\$ 16,000	\$ 69,000	\$ 31,000
	-----	-----	-----	-----
Total revenue	36,000	16,000	69,000	31,000
	-----	-----	-----	-----
COSTS AND EXPENSES:				
General and administrative expenses	80,000	126,000	158,000	239,000
	-----	-----	-----	-----
Total costs and expenses	80,000	126,000	158,000	239,000
	-----	-----	-----	-----
NET LOSS	\$ (44,000)	\$ (110,000)	\$ (89,000)	\$ (208,000)
	=====	=====	=====	=====
NET LOSS PER CLASS A SHARE	\$ (0.02)	\$ (0.04)	\$ (0.03)	\$ (0.08)
	=====	=====	=====	=====
CASH DISTRIBUTIONS PER CLASS A SHARE	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements.

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ANGELES PARTICIPATING MORTGAGE TRUST
STATEMENTS OF CASH FLOWS-UNAUDITED

<TABLE>
<CAPTION>

	Six months ended June 30	
	1995	1994
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	\$ (89,000)	\$ (208,000)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Increase in other receivables	(21,000)	--
Increase in other assets	(15,000)	(2,000)
Decrease in accounts payable and accrued expenses	(53,000)	26,000
	-----	-----
Cash flows from operating activities	(178,000)	(184,000)
	-----	-----
Cash flows from investing activities:		
Principal collections of investment securities	130,000	--
Investment in investment securities	(165,000)	--
	-----	-----
Cash flows from investing activities	(35,000)	0
	-----	-----
Increase (decrease) in cash and cash equivalents	(213,000)	(184,000)
Cash at beginning of period	872,000	2,539,000
	-----	-----
Cash at end of period	\$ 659,000	\$ 2,355,000
	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements.

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PART I. FINANCIAL INFORMATION

ANGELES PARTICIPATING MORTGAGE TRUST NOTES TO FINANCIAL STATEMENTS

NOTE 1 - In the opinion of management, the accompanying financial statements contain all of the adjustments necessary to present fairly the financial position of Angeles Participating Mortgage Trust (the "Trust" or "APART") at June 30, 1995 and the results of operations and its cash flows for the three and six months ended June 30, 1995 and 1994, in conformity with generally accepted accounting principles applied on a consistent basis. All adjustments included are of a normal and recurring nature. Certain prior years amounts have been reclassified to conform to current year classifications.

NOTE 2 - The net income per Class A Share was based on 2,550,000 weighted average shares outstanding during the three and six months ended June 30, 1995 and 1994, after deduction of the 1% Class B Share interest.

NOTE 3 - Cash and cash equivalents include cash held in bank or invested in money market funds with maturity terms of less than 90 days. Of the cash and cash equivalents balance at June 30, 1995 and December 31, 1994, \$652,000 and \$579,000, respectively, is held by the APART Contingent Claim Trust for the benefit of APART. Such Contingent Claim Trust was established to provide for any contingent claims arising from the operations of APART or any liability under APART's indemnification agreements for its Trustees. The Contingent Claim Trust will terminate on the earlier of December 31, 1996 or the determination by its trustee that no contingent claims exist.

NOTE 4 - The APART Contingent Claim Trust holds investments in two securities of the Federal Home Loan Mortgage Corporation. The investments have a cost of \$1,406,000 and \$1,371,000 as of June 30, 1995 and December 31, 1994, respectively, and a market value of \$1,426,000 and \$1,355,000 as of June 30, 1995 and December 31, 1994, respectively. The investments have an 8.5% coupon and mature on January 1, 1996 and June 1, 1996. The Trust maintains these investments at their original cost as it is its intention to hold these investments till maturity.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Trust's primary source of cash is from interest earned on investments and cash and cash equivalents. Of the Trust's approximately \$2.1 million and \$2.3 million of investments and cash as of June 30, 1995 and December 31, 1994, respectively, approximately \$2 million is held by the APART Contingent Claim Trust for the benefit of APART. Such Contingent Claim Trust was established to provide for any contingent claims arising from the operations

of APART or any liability under APART's indemnification agreements for its Trustees. The Contingent Claim Trust will terminate on the earlier of December 31, 1996 or the determination by its trustee that no contingent claims exist.

During the quarter ended June 30, 1995, the APART Contingent Claim Trust acquired a second investment in Federal Home Loan Mortgage Corporation securities. The investment was made in June 1995 in the amount of \$165,000. This investment has an 8.5% coupon and matures on January 1, 1996. As previously discussed in the December 31, 1994 Form 10-K this investment along with those similar investments made in 1994 were made to preserve the Trust's REIT status.

The Trust distributed the majority of its assets, \$36,975,000 to Class A shareholders of record on November 18, 1993 payable December 3, 1993. Remaining funds, approximately \$2.5 million, were retained by the Trust to provide for potential liabilities or claims, minimal operating costs and the possibility of obtaining further value for shareholders from potential strategic alternatives with third parties who might wish to acquire an interest in the remaining Trust. The amount and timing of any future cash dividends, if any, is impossible to predict at this time. Since APART has no other assets, shareholder equity approximates the amount of remaining cash.

On March 15, 1994, the Trust announced that it had entered into an agreement with a SAHI affiliate, SAHI Partners, a Delaware general partnership, for the sale of a Warrant for the right to purchase five million shares of the Trust's Class A Shares at a price of \$1 per share and 2,500,000 shares of Class B Shares at a price of \$0.01 per share. SAHI Partners purchased the Warrant for \$101,000, which amount will be applied against the purchase price for the first Class A Shares purchased pursuant to the Warrant. The Warrant will not be exercisable unless and until the issuance of the Class A and Class B Shares issuable upon the exercise thereof has been approved by holders of a majority of the Class A Shares and Class B Shares voting together as a single class. Upon exercise of the entire Warrant for five million shares, SAHI would own 69% of the outstanding Class A Shares and, with the voting interest of the Class B Shares, would control 80% of the voting interest of the Trust. If these warrants are exercised in their entirety, the Trust would increase its capital by \$5,025,000, and funds from such capitalization would be utilized to acquire additional investments for the Trust based upon a defined business plan which shall be approved by holders of a majority of the Class A and Class B shares.

Based upon the Trust's cash and cash equivalent balance at June 30, 1995, management believes it has sufficient cash to operate as a going concern through the remainder of the 1995 fiscal year.

The Trust has recently filed proxy with the Securities and Exchange Commission, which would provide the Trust along with SAHI the ability to acquire positions in a diversified portfolio of real estate related assets.

RESULTS OF OPERATIONS

During the three and six months ended June 30, 1995, total revenue increased to \$36,000 and \$69,000 or 125% and 123%, respectively, as compared to total revenue for the comparable periods in 1994. This increase is the result of the Trust investing its cash in higher yielding investments from that of the

prior year's quarter and six months ended June 30, 1994. As previously stated, the Trust's only source of income is from the interest earned on its investments and cash and cash equivalents.

The decrease in the Trust's total costs and expenses during the three and six months ended June 30, 1995 compared to the comparable periods in 1994 is due to decreased legal costs

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. EXHIBITS

None.

B. REPORTS ON FORM 8-K

None

Note: All items required under Part II of Form 10-Q which are applicable have been reported herein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trust has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANGELES PARTICIPATING MORTGAGE TRUST

By /s/ Ronald J. Consiglio

Ronald J. Consiglio
Trustee and President

Date: July 28, 1995

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