

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

INCOME OPPORTUNITY REALTY INVESTORS INC /TX/

CIK:**949961** | IRS No.: **752615944** | State of Incorp.:**NV** | Fiscal Year End: **1231**
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SIC: **6798** Real estate investment trusts

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **May 15, 2013**

INCOME OPPORTUNITY REALTY INVESTORS, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or other
jurisdiction of incorporation)

001-14784
(Commission
File No.)

75-2615944
(I.R.S. Employer
Identification No.)

1603 LBJ Freeway, Suite 800
Dallas, Texas
(Address of principal executive offices)

75234
(Zip Code)

Registrant's telephone number, including area code **469-522-4200**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition

On May 15, 2013, Income Opportunity Realty Investors, Inc. (“IOT” or the “Company”) announced its operational results for the quarter ended March 31, 2013. A copy of the announcement is attached as Exhibit “99.1.”

The information furnished pursuant to Item 2.02 in this Form 8-K, including Exhibit “99.1” attached hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, unless we specifically incorporate it by reference in a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934. We undertake no duty or obligation to publicly-update or revise the information furnished pursuant to Item 2.02 of this Current Report on Form 8-K.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

The following exhibit is furnished with this Report:

| Exhibit Designation | Description of Exhibit |
|----------------------------|-----------------------------------|
| 99.1* | Press Release dated May 15, 2013. |

*Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly-caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly-authorized.

Dated: May 16, 2013

INCOME OPPORTUNITY REALTY INVESTORS, INC.

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Executive Vice
President and Chief Financial Officer

NEWS RELEASE**FOR IMMEDIATE RELEASE****Contact:**
Income Opportunity Realty Investors, Inc.
Investor Relations
(800) 400-6407
investor.relations@incomeopp-realty.com**Income Opportunity Realty Investors, Inc. Reports First Quarter 2013 Results**

DALLAS (May 15, 2013) Income Opportunity Realty Investors, Inc. (AMEX:IOT), a Dallas-based real estate investment company, today reported results of operations for the first quarter ended March 31, 2013. IOT announced today that the Company reported net income applicable to common shares of \$695,000 or \$0.17 per diluted earnings per share for the period ended March 31, 2013, as compared to net income applicable to common shares of \$507,000 or \$0.012 per diluted earnings per share for the same period ended 2012.

Our primary business is investing in real estate and mortgage receivables. Land held for development or sale is our sole operating segment and as of March 31, 2013, our land consisted of approximately 170 acres of land located in Dallas, Texas. The principal source of revenue for the Company is interest income on over \$25.4 million of note receivables due from related parties.

Interest income was \$1.4 million for the three months ended March 31, 2013. This represents an increase of \$224,000 as compared to the prior period interest income of \$1.2 million. The increase was related to the note receivables from Unified Housing Foundation, Inc. due to the modification of the cash surplus notes and the early termination of the preferred interest rate, increasing the interest rate from 5.25% to the original note rate of 12.0%.

Property operating expenses were \$14,000 for the three months ended March 31, 2013. This represents a decrease of \$17,000, as compared to the prior period operating expenses of \$31,000. There was a decrease in property operating expenses related to the land portfolio due to a decrease in POA fees.

General and administrative expenses were \$188,000 for the three months ended March 31, 2013. This represents an increase of \$34,000, as compared to the prior period general and administrative services of \$154,000. The increase was primarily due to an increase in the net income fee due to our Affiliate for \$14,000 and professional fees for \$20,000.

About Income Opportunity Realty Investors, Inc.

Income Opportunity Realty Investors, Inc., a Dallas-based real estate investment company, holds a portfolio of equity real estate in Texas, including undeveloped land. The Company invests in real estate through direct equity ownership and partnerships. For more information, visit the Company's website at www.incomeopp-realty.com.

Exhibit 99.1



INCOME OPPORTUNITY REALTY INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

**For the Three Months Ended
March 31,**
2013 2012
**(dollars in thousands, except
share
and per share amounts)**

Revenues:

| | | | | | |
|------------------------------------|----|---|--|----|---|
| Rental and other property revenues | \$ | - | | \$ | - |
|------------------------------------|----|---|--|----|---|

Expenses:

| | | | | | |
|--|--|------------|--|------------|--|
| Property operating expenses (including \$13 and \$29 for the three months ended 2013 and 2012 respectively from related parties) | | 14 | | 31 | |
| General and administrative (including \$99 and \$83 for the three months ended 2013 and 2012 respectively from related parties) | | 188 | | 154 | |
| Advisory fee to related party | | 204 | | 198 | |
| Total operating expenses | | <u>406</u> | | <u>383</u> | |
| Operating loss | | (406) | | (383) | |

Other income (expense):

| | | | | | |
|--|--|-------------------|--|-------------------|--|
| Interest income from related parties | | 1,407 | | 1,183 | |
| Mortgage and loan interest | | (288) | | (276) | |
| Earnings from unconsolidated subsidiaries and investees | | - | | (10) | |
| Total other income | | <u>1,119</u> | | <u>897</u> | |
| Income from continuing operations before tax | | 713 | | 514 | |
| Income tax expense | | (6) | | (2) | |
| Net income from continuing operations | | <u>707</u> | | <u>512</u> | |
| Discontinued operations: | | | | | |
| Loss from discontinued operations | | (18) | | (7) | |
| Loss on the sale of real estate from discontinued operations | | - | | - | |
| Income tax benefit from discontinued operations | | 6 | | 2 | |
| Net loss from discontinued operations | | <u>(12)</u> | | <u>(5)</u> | |
| Net income | | <u><u>695</u></u> | | <u><u>507</u></u> | |

Earnings per share - basic

| | | | | | |
|--|----|----------------|--|----------------|------|
| Income from continuing operations | \$ | 0.17 | | \$ | 0.12 |
| Loss from discontinued operations | | - | | | - |
| Net income applicable to common shares | | <u>\$ 0.17</u> | | <u>\$ 0.12</u> | |

Earnings per share - diluted

| | | | | | |
|--|----|----------------|--|----------------|------|
| Income from continuing operations | \$ | 0.17 | | \$ | 0.12 |
| Loss from discontinued operations | | - | | | - |
| Net income applicable to common shares | | <u>\$ 0.17</u> | | <u>\$ 0.12</u> | |

| | | | | | |
|--|-----------|--|--|-----------|--|
| Weighted average common share used in computing earnings per share | 4,168,214 | | | 4,168,214 | |
| Weighted average common share used in computing diluted earnings per share | 4,168,214 | | | 4,168,214 | |

INCOME OPPORTUNITY REALTY INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

| | <u>March 31,</u> <u>2013</u> | <u>December 31,</u> <u>2012</u> |
|---|---|------------------------------------|
| | (dollars in thousands, except share and par value amounts) | |
| Assets | | |
| Real estate land holdings, at cost | \$ 24,511 | \$ 24,511 |
| Total real estate | <u>24,511</u> | <u>24,511</u> |
| Notes and interest receivable from related parties | 26,739 | 27,002 |
| Less allowance for doubtful accounts | (1,826) | (1,826) |
| Total notes and interest receivable | <u>24,913</u> | <u>25,176</u> |
| Cash and cash equivalents | 2 | 2 |
| Investments in unconsolidated subsidiaries and investees, subject to sales contract | - | - |
| Receivable and accrued interest from related parties | 59,405 | 58,534 |
| Other assets | 1,282 | 1,283 |
| Total assets | <u>\$ 110,113</u> | <u>\$ 109,506</u> |
| Liabilities and Shareholders' Equity | | |
| Liabilities: | | |
| Notes and interest payable | \$ 28,452 | \$ 28,508 |
| Deferred gain (from sales to related parties) | 5,127 | 5,127 |
| Accounts payable and other liabilities | 117 | 149 |
| | <u>33,696</u> | <u>33,784</u> |
| Commitments and contingencies: | | |
| Shareholders' equity: | | |
| Common stock, \$.01 par value, authorized 10,000,000 shares; issued 4,173,675 shares in 2013 and 2012 | 42 | 42 |
| Treasury stock at cost, 5,461 in 2013 and 2012 | (39) | (39) |
| Paid-in capital | 61,955 | 61,955 |
| Retained earnings | 14,459 | 13,764 |
| Total shareholders' equity | <u>76,417</u> | <u>75,722</u> |
| Total liabilities and shareholders' equity | <u>\$ 110,113</u> | <u>\$ 109,506</u> |

