

SUN COMMUNITIES INC
Form 10-Q
October 29, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 2013.

or

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

Commission file number 1-12616

SUN COMMUNITIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland
(State of Incorporation)

38-2730780
(I.R.S. Employer Identification No.)

27777 Franklin Rd.
Suite 200
Southfield, Michigan
(Address of Principal Executive Offices)

48034
(Zip Code)

(248) 208-2500
(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 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. (Check one):

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

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

Number of shares of Common Stock, \$0.01 par value per share, outstanding as of September 30, 2013: 36,139,992

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share amounts)

	(unaudited) September 30, 2013	December 31, 2012
ASSETS		
Investment property, net (including \$56,326 for consolidated variable interest entities at September 30, 2013 and December 31, 2012; see Note 8)	\$1,695,317	\$1,518,136
Cash and cash equivalents	4,955	29,508
Inventory of manufactured homes	4,005	7,527
Notes and other receivables, net	170,584	139,850
Other assets	61,830	59,607
TOTAL ASSETS	\$1,936,691	\$1,754,628
LIABILITIES		
Debt (including \$45,386 and \$45,900 for consolidated variable interest entities at September 30, 2013 and December 31, 2012, respectively; see Note 8)	\$1,353,448	\$1,423,720
Lines of credit	54,765	29,781
Other liabilities	108,782	88,137
TOTAL LIABILITIES	1,516,995	1,541,638
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value. Authorized: 10,000 shares; Issued and outstanding: 3,400 shares at September 30, 2013 and December 31, 2012	34	34
Common stock, \$0.01 par value. Authorized: 90,000 shares; Issued and outstanding: 36,140 at September 30, 2013 and 29,755 shares at December 31, 2012	361	298
Additional paid-in capital	1,140,625	876,620
Accumulated other comprehensive loss	(454)	(696)
Distributions in excess of accumulated earnings	(739,197)	(683,734)
Total Sun Communities, Inc. stockholders' equity	401,369	192,522
Noncontrolling interests:		
Series A-1 preferred OP units	45,548	45,548
Series A-3 preferred OP units	3,463	—
Common OP units	(29,764)	(24,572)
Consolidated variable interest entities	(920)	(508)
Total noncontrolling interests	18,327	20,468
TOTAL STOCKHOLDERS' EQUITY	419,696	212,990
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,936,691	\$1,754,628

See accompanying Notes to Consolidated Financial Statements.

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SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited - dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
REVENUES				
Income from real property	\$80,158	\$63,015	\$234,969	\$188,818
Revenue from home sales	14,145	10,461	40,200	31,513
Rental home revenue	8,445	6,712	23,783	19,514
Ancillary revenues, net	932	(112)	1,376	(124)
Interest	3,442	2,847	9,587	7,907
Brokerage commissions and other income, net	79	95	349	530
Total revenues	107,201	83,018	310,264	248,158
COSTS AND EXPENSES				
Property operating and maintenance	24,379	18,067	66,593	51,261
Real estate taxes	5,602	4,933	17,146	14,741
Cost of home sales	10,161	7,791	29,360	24,535
Rental home operating and maintenance	5,504	5,118	14,252	13,090
General and administrative - real property	5,927	5,165	19,086	15,405
General and administrative - home sales and rentals	2,227	1,905	7,473	5,985
Acquisition related costs	619	847	2,769	1,434
Depreciation and amortization	28,790	22,092	80,116	63,027
Interest	17,823	17,066	54,888	50,644
Interest on mandatorily redeemable debt	809	825	2,430	2,499