

SUN COMMUNITIES INC
Form 10-Q
October 30, 2014

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, 2014.

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, 2014: 48,010,386

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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, 2014	December 31, 2013
ASSETS		
Investment property, net (including \$55,648 and \$56,805 for consolidated variable interest entities at September 30, 2014 and December 31, 2013; see Note 8)	\$1,884,632	\$1,755,052
Cash and cash equivalents	259,152	4,753
Inventory of manufactured homes	5,480	5,810
Notes and other receivables, net	168,341	164,685
Other assets	113,192	68,936
TOTAL ASSETS	\$2,430,797	\$1,999,236
LIABILITIES		
Debt (including \$44,670 and \$45,209 for consolidated variable interest entities at September 30, 2014 and December 31, 2013; see Note 8)	\$1,393,941	\$1,311,437
Lines of credit	—	181,383
Other liabilities	123,351	109,342
TOTAL LIABILITIES	1,517,292	1,602,162
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value. Authorized: 10,000 shares; Issued and outstanding: 3,400 shares at September 30, 2014 and December 31, 2013	34	34
Common stock, \$0.01 par value. Authorized: 90,000 shares; Issued and outstanding: 48,010 shares at September 30, 2014 and 36,140 shares at December 31, 2013		361
Additional paid-in capital	1,709,337	1,141,590
Accumulated other comprehensive loss	(277)	(366)
Distributions in excess of accumulated earnings	(807,590)	(761,112)
Total Sun Communities, Inc. stockholders' equity	901,984	380,507
Noncontrolling interests:		
Series A-1 preferred OP units	43,670	45,548
Series A-3 preferred OP units	3,463	3,463
Common OP units	(35,498)	(31,907)
Consolidated variable interest entities	(114)	(537)
Total noncontrolling interests	11,521	16,567
TOTAL STOCKHOLDERS' EQUITY	913,505	397,074
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,430,797	\$1,999,236

See accompanying Notes to Consolidated Financial Statements.

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,	
	2014	2013	2014	2013
REVENUES				
Income from real property	\$94,245	\$80,158	\$267,847	\$234,969
Revenue from home sales	13,913	14,145	38,849	40,200
Rental home revenue	9,829	8,445	28,964	23,783
Ancillary revenues, net	3,565	932	5,198	1,376
Interest	3,545	3,442	10,425	9,587
Brokerage commissions and other income, net	338	79	720	349
Total revenues	125,435	107,201	352,003	310,264
COSTS AND EXPENSES				
Property operating and maintenance	28,031	24,379	76,413	66,593
Real estate taxes	6,004	5,602	18,092	17,146
Cost of home sales	10,524	10,161	29,472	29,360
Rental home operating and maintenance	6,232	5,504	16,696	14,252
General and administrative - real property	6,971	5,927	23,177	19,086
General and administrative - home sales and rentals	2,313	2,227	7,932	7,473
Transaction costs	2,399	619	4,263	2,769
Depreciation and amortization	29,917	28,790	88,851	80,116
Asset impairment charge	837	—	837	—
Interest	18,619	17,823	54,149	—