

SUN COMMUNITIES INC
Form 10-Q
April 26, 2016

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 March 31, 2016.

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

27777 Franklin Rd.
Suite 200
Southfield, Michigan 48034
(Address of Principal Executive Offices) (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 March 31, 2016: 64,577,863

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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) March 31, 2016	December 31, 2015
ASSETS		
Land	\$456,380	\$ 451,340
Land improvements and buildings	3,586,969	3,535,909
Rental homes and improvements	469,217	460,480
Furniture, fixtures and equipment	104,855	102,746
Land held for future development	23,047	23,047
Investment property	4,640,468	4,573,522
Accumulated depreciation	(889,941)	(852,407)
Investment property, net (including \$91,246 and \$92,009 for consolidated variable interest entities at March 31, 2016 and December 31, 2015; see Note 7)	3,750,527	3,721,115
Cash and cash equivalents	410,408	45,086
Inventory of manufactured homes	16,636	14,828
Notes and other receivables, net	54,124	47,972
Collateralized receivables, net	142,944	139,768
Other assets, net	188,247	213,030
TOTAL ASSETS	\$4,562,886	\$ 4,181,799
LIABILITIES		
Mortgage loans payable (including \$63,450 and \$64,082 for consolidated variable interest entities at March 31, 2016 and December 31, 2015; see Note 7)	\$2,114,818	\$ 2,125,267
Secured borrowings on collateralized receivables	143,664	140,440
Preferred OP units - mandatorily redeemable	45,903	45,903
Lines of credit	58,065	24,687
Distributions payable	45,351	41,265
Other liabilities (including \$4,213 and \$4,091 for consolidated variable interest entities at March 31, 2016 and December 31, 2015; see Note 7)	184,102	184,859
TOTAL LIABILITIES	2,591,903	2,562,421
Commitments and contingencies		
Series A-4 preferred stock, \$0.01 par value. Issued and outstanding: 2,067 shares at March 31, 2016 and December 31, 2015	61,732	61,732
Series A-4 preferred OP units	20,762	21,065
STOCKHOLDERS' EQUITY		
Series A preferred stock, \$0.01 par value. Issued and outstanding: 3,400 shares at March 31, 2016 and December 31, 2015	34	34
Common stock, \$0.01 par value. Authorized: 180,000 shares; Issued and outstanding: 64,578 shares at March 31, 2016 and 58,395 shares at December 31, 2015	646	584
Additional paid-in capital	2,706,657	2,319,314
Distributions in excess of accumulated earnings	(896,896)	(864,122)
Total Sun Communities, Inc. stockholders' equity	1,810,441	1,455,810

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Noncontrolling interests:

Common and preferred OP units	80,018	82,538	
Consolidated variable interest entities	(1,970) (1,767)
Total noncontrolling interests	78,048	80,771	
TOTAL STOCKHOLDERS' EQUITY	1,888,489	1,536,581	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$4,562,886	\$4,181,799	

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 March 31,	
	2016	2015
REVENUES		
Income from real property	\$ 129,235	\$ 119,525
Revenue from home sales	24,737	16,834
Rental home revenue	11,708	11,129
Ancillary revenues	4,613	3,191
Interest	3,945	3,984
Brokerage commissions and other income, net	406	537
Total revenues	174,644	155,200
COSTS AND EXPENSES		
Property operating and maintenance	31,201	29,214
Real estate taxes	9,585	8,715
Cost of home sales	18,184	12,557
Rental home operating and maintenance	5,876	5,605
Ancillary expenses	3,508	2,546
Home selling expenses	2,278	1,690
General and administrative	13,792	11,628
Transaction costs	2,721	9,449
Depreciation and amortization	48,412	44,001
Interest	26,294	25,389
Interest on mandatorily redeemable preferred OP units	787	852
Total expenses	162,638	151,646
Income before other gains	12,006	3,554
Gain on disposition of properties, net	—	8,769
Provision for income taxes	(228)	(75)
Net income	11,778	12,248
Less: Preferred return to preferred OP units	1,273	1,029
Less: Amounts attributable to noncontrolling interests	276	264
Net income attributable to Sun Communities, Inc.	10,229	10,955
Less: Preferred stock distributions	2,354	6

CUSIP No. 00763M108

1 Names of reporting persons

I.R.S. identification nos. of above persons (entities only)

GGCP,

Inc.

No. 13-3056041

I.D.

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS)(a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
WC

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

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