SUN COMMUNITIES INC
Form 424B5
March 07, 2014
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered[1]	Proposed Maximum Offering Price Per Unit[2]	Proposed Maximum Aggregate Offering Price[2]	Amount of Registration Fee
Common Stock, $0.01 par value per share[3]	4,830,000 shares	$45.61	$220,296,300	$28,374

(1) Assumes exercise in full of the underwriter s option to purchase up to 630,000 additional shares of common stock.
(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, as amended, based on the average of the high and low prices reported for our common stock on the New York Stock Exchange on February 26, 2014.
(3) Includes rights to purchase our Junior Participating preferred stock. Since no separate consideration is paid for these rights, they are not considered in the calculation of the maximum aggregate offering price and the registration fee.

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-181315

PROSPECTUS SUPPLEMENT

(To Prospectus Dated May 10, 2012)

4,200,000 Shares

Common Stock

We are selling 4,200,000 shares of our common stock.

We have granted the underwriter an option to purchase within 30 days from the date of this prospectus supplement up to 630,000 additional shares of our common stock from us.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol SUI. The last reported sale price of our common stock on the NYSE on March 5, 2014 was $46.70 per share.

To assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, our charter contains certain restrictions relating to the ownership and transfer of our stock, including an ownership limit of 9.8%, in number of shares or value, of the issued and outstanding shares of our capital stock. See Description of Common Stock Restrictions on Ownership beginning on page 8 of the accompanying prospectus.

Investing in our common stock involves a high degree of risk. Before buying any of these shares you should carefully read the discussion of material risks of investing in our common stock in Risk Factors beginning on page S-5 of this prospectus supplement, page 2 of the accompanying prospectus and page 9 of our Annual Report on Form 10-K for the year ended December 31, 2013.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter has agreed to purchase the shares of our common stock offered by this prospectus supplement from us at a price of $44.45 per share, which will result in approximately $186.7 million of proceeds to us. The underwriter may offer the shares of our common stock from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See Underwriting.

The underwriter expects to deliver the shares against payment in New York, New York on or about March 11, 2014 through the book-entry facilities of The Depository Trust Company.

Citigroup

March 5, 2014

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock. The second part, which is the accompanying prospectus, provides more general information about us and our securities, some of which may not apply to this offering. Both this prospectus supplement and the accompanying prospectus include important information about us and our common stock, and other information of which you should be aware before investing in our common stock. This prospectus supplement and the information incorporated by reference in this prospectus supplement also adds to, updates and changes information contained or incorporated by reference in the accompanying prospectus. If information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with the accompanying prospectus or the information incorporated by reference therein, then this prospectus supplement or the information incorporated by reference in this prospectus supplement will apply and will supersede the information in the accompanying prospectus and the documents incorporated by reference therein.

You should read this prospectus supplement, the accompanying prospectus and the additional information described under the headings Where You Can Find More Information and Incorporation of Certain Documents by Reference before you make a decision to invest in our common stock.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriter has not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriter is not, making an offer of these securities under any circumstance or in any jurisdiction where the offer is not permitted or unlawful. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us is accurate only as of their respective dates, and that any information in documents that we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement, the accompanying prospectus, and the information incorporated herein and therein by reference includes trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference into this prospectus supplement or the accompanying prospectus are the property of their respective owners.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to Sun, we, us, our or similar references mean Sun Communities, Inc., a Maryland corporation, and its direct and indirect subsidiaries, including Sun Communities Operating Limited Partnership, a Michigan limited partnership, or the Operating Partnership, and Sun Home Services, Inc., a Michigan corporation, or SHS.

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SUMMARY

This summary highlights certain information about us, this offering and information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference. This summary is not intended to be a complete description of the matters covered in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, and does not contain all of the information that you should consider before investing in our securities. To fully understand this offering and its consequences to you, you should read and consider this entire prospectus supplement and the accompanying prospectus carefully, including the information referred to under the heading Risk Factors in this prospectus supplement beginning on page S-5, in the accompanying prospectus beginning on page 2 and in our Annual Report on Form 10-K for the year ended December 31, 2013 beginning on page 9, and the financial statements and other information incorporated by reference in this prospectus supplement and the accompanying prospectus when making an investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information on page S-19 of this prospectus supplement.

Company Overview

We are a self-administered and self-managed real estate investment trust, or REIT. We own, operate, and develop manufactured housing, or MH, and recreational vehicle, or RV, communities concentrated in the midwestern, southern and southeastern United States. We are a fully-integrated real estate company which, together with our affiliates and predecessors, has been in the business of acquiring, operating, developing and expanding MH and RV communities since 1975. As of December 31, 2013, we owned and operated a portfolio of 188 properties, which we refer to as Properties, located in 26 states, including 150 MH communities, 27 RV communities, and 11 Properties containing both MH and RV sites. As of December 31, 2013, the Properties contained an aggregate of 69,789 developed sites comprised of 54,168 developed manufactured home sites, 7,633 annual RV sites (inclusive of both annual and seasonal usage rights), 7,988 transient RV sites, and approximately 6,300 additional manufactured home sites suitable for development. We lease individual parcels of land, or sites, with utility access for placement of manufactured homes and RVs to our customers. The Properties are designed to offer affordable housing to individuals and families, while also providing certain amenities.

We are engaged through SHS, a taxable REIT subsidiary, in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance our occupancy levels, property performance and cash flows.

Structured as an umbrella partnership REIT, or UPREIT, the Operating Partnership is the entity through which we conduct substantially all of our operations, and which owns, either directly or indirectly through SHS and other subsidiaries, all of our assets. This UPREIT structure enables us to comply with certain complex requirements under the Federal tax rules and regulations applicable to REITs, and to acquire MH communities in transactions that defer some or all of the sellers tax consequences. We are the sole general partner of, and, as of December 31, 2013, held approximately 94.6% of the interests (not including preferred limited partnership interests) in, the Operating Partnership. The interests in the Operating Partnership held by the partners are referred to herein as OP Units.

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Recent Developments

Debt Financing

On January 30, 2014, four subsidiaries of the Operating Partnership obtained four mortgage loans in the aggregate amount of $99.0 million from The Northwestern Mutual Life Insurance Company. We refer to these four individual mortgage loans collectively as the Northwestern Mutual Loan. Each individual mortgage loan accrues interest at the rate of 4.20% per year. The borrower under each individual mortgage loan is required to make monthly principal and interest payments calculated based on a 30-year amortization period. Each individual mortgage loan matures and all outstanding principal and interest under each individual mortgage loan will be payable on February 13, 2026. The Operating Partnership and each of the four borrowers have guaranteed the Northwestern Mutual Loan. The Northwestern Mutual Loan is secured by a mortgage and assignment of leases and rents on the four MH and RV communities owned by the borrowers. An event of default under any individual loan will cause an event of default under the entire the Northwestern Mutual Loan and all four mortgaged properties secure the repayment of the entire Northwestern Mutual Loan. We used the proceeds of the Northwestern Mutual Loan to repay a portion of our $350 million senior secured revolving credit facility, or our Senior Credit Facility.

Principal Executive Offices and Website

We were incorporated in Maryland on July 23, 1993 and went public in an initial public offering on December 9, 1993. Our executive and principal property management office is located at 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 and our telephone number is (248) 208-2500. We have regional property management offices located in Austin, Texas; San Antonio, Texas; Dayton, Ohio; Grand Rapids, Michigan; Elkhart, Indiana; Indianapolis, Indiana; Traverse City, Michigan; Charlotte, North Carolina; Denver, Colorado; Ft. Myers, Florida; and Orlando, Florida; and we employed an aggregate of 1,236 full and part time employees as of December 31, 2013.

Our website address is www.suncommunities.com which contains information concerning us and our subsidiaries. Information included or referred to on, or otherwise accessible through, our website is not incorporated by reference or otherwise a part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

For a description of our common stock, see Description of Common Stock in the accompanying prospectus.

Common stock offered by us	4,200,000 shares of common stock (and up to an additional 630,000 shares of common stock, if the underwriter s option to purchase additional shares of common stock is exercised in full)
Equity securities outstanding prior to completion of the offering[1]	36,169,065 shares of common stock;
	3,400,000 shares of 7.125% Series A Cumulative Redeemable Preferred Stock, or Series A Preferred Stock;
	2,069,322 common OP Units not held by us;
	1,325,275 preferred OP Units, or Aspen preferred OP Units;
	455,476 Series A-1 preferred OP Units;
	40,267.50 Series A-3 preferred OP Units; and
	112,400 Series B-3 preferred OP Units
Equity securities outstanding on a pro forma basis after completion of the offering[1]	40,369,065 shares of common stock;
	3,400,000 shares of Series A Preferred Stock;
	2,069,322 common OP Units not held by us;
	1,325,275 Aspen preferred OP Units;
	455,476 Series A-1 preferred OP Units;
	40,267.50 Series A-3 preferred OP Units; and

112,400 Series B-3 preferred OP Units

Use of proceeds	We estimate that the net proceeds of this offering will be approximately $186.2 million after deducting estimated offering expenses of approximately $500,000 (or, if the underwriter exercises its option to purchase 630,000 additional shares of common stock in full, approximately $214.2 million, after deducting estimated offering expenses of approximately $500,000). We intend to use:

- the net proceeds from the offering to repay borrowings outstanding under our Senior Credit Facility; and
- any remaining net proceeds from the offering to fund possible future acquisitions of properties and for working capital and general corporate purposes.

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Restrictions on ownership and transfer	Our charter contains restrictions on ownership and transfer of shares of our capital stock intended to assist us in maintaining our qualification as a REIT for U.S. federal income tax purposes. For example, without the approval of our board of directors, our charter restricts any person from owning, or being deemed to own by virtue of the attribution provisions of the Internal Revenue Code of 1986, as amended, more than 9.8%, in number of shares or value, of the issued and outstanding shares of our capital stock. See Description of Common Stock Restrictions on Ownership in the accompanying prospectus.
Risk factors	You should carefully read the information contained under the caption Risk Factors in this prospectus supplement, the accompanying prospectus, our Annual Report on Form 10-K for the year ended December 31, 2013 and our other filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in shares of our common stock.
NYSE symbol	SUI

(1) Based on equity securities outstanding as March 5, 2014. Excludes (a) 3,781,813 shares of common stock issuable upon exchange of OP Units, (b) 43,250 shares of common stock reserved for issuance upon the exercise of stock options outstanding, and (c) 362,100 shares of common stock reserved and available for future issuance under our equity incentive plans, in each case as of March 5, 2014.

Unless expressly stated otherwise, the information set forth above and throughout this prospectus supplement assumes no exercise of the underwriter s option to purchase up to 630,000 additional shares of common stock and excludes shares issuable pursuant to stock options outstanding and shares of common stock that may be issued in the future under our equity incentive plans.

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RISK FACTORS

Investment in the shares of our common stock offered pursuant to this prospectus supplement and the accompanying prospectus involves risks. In addition to the information presented in this prospectus supplement and the accompanying prospectus and the risk factors in our most recent Annual Report on Form 10-K and our other filings under the Exchange Act that are incorporated by reference in this prospectus supplement and the accompanying prospectus, you should consider carefully the following risk factors before deciding to purchase these shares. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations may suffer. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock.

This offering is expected to be dilutive, which may adversely affect the market price of our common stock.

Giving effect to the issuance of shares of common stock in this offering, the receipt of the expected net proceeds and the use of those proceeds, we expect that this offering will have a dilutive effect on our earnings per share and funds from operations per share for the year ending December 31, 2014. The actual amount of dilution cannot be determined at this time and will be based on numerous factors.

Future sales or issuances of our common stock or other securities may cause the market price of our common stock to decline.

The sale of substantial amounts of our common stock, whether directly by us or in the secondary market, the perception that such sales could occur or the availability of future issuances of shares of our common stock, OP Units or other securities convertible into or exchangeable or exercisable for our capital stock, could materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities. In addition, we may issue capital stock that is senior to our common stock in the future for a number of reasons, including to finance our operations and business strategy, to adjust our ratio of debt to equity or for other reasons.

We may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.

We intend to use the net proceeds from this offering to repay borrowings outstanding under our Senior Credit Facility and any remaining net proceeds from this offering to fund possible future acquisitions of properties and for working capital and general corporate purposes. Our management could have broad discretion in the application of certain of the net proceeds from this offering and could spend the proceeds in ways that do not necessarily improve our operating results or enhance the value of our common stock.

Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness, and we may adjust our common stock distribution policy.

Our ability to make distributions on our common stock and payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock, to pay our indebtedness or to fund our other liquidity needs.

The decision to declare and pay distributions on shares of our common stock in the future, as well as the timing, amount and composition of any such future distributions, will be at the sole discretion of our board of

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directors in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions and general overall economic conditions and other factors. Any change in our distribution policy could have a material adverse effect on the market price of our common stock.

Our share price could be volatile and could decline, resulting in a substantial or complete loss on your investment.

The stock markets, including the NYSE, on which we list our common stock, have experienced significant price and volume fluctuations. As a result, the market price of our common stock could be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including:

- our operating performance and the performance of other similar companies;
- our ability to maintain compliance with covenants contained in our debt facilities;
- actual or anticipated variations in our operating results, funds from operations, cash flows or liquidity;
- changes in our earnings estimates or those of analysts;
- changes in our distribution policy;
- the market for similar securities;
- issuances of other equity securities, including series or classes of preferred stock;
- publication of research reports about us or the real estate industry generally;
- increases in market interest rates that lead purchasers of our common stock to demand a higher dividend yield;
- changes in market valuations of similar companies;
- adverse market reaction to the amount of our debt outstanding at any time, the amount of our debt maturing in the near- and medium-term and our ability to refinance our debt, or our plans to incur additional debt in the future;
- additions or departures of key management personnel;
- speculation in the press or investment community;

- actions by institutional stockholders;

- the realization of any of the other risk factors included or incorporated by reference in this prospectus supplement and the accompanying prospectus; and

- general market and economic conditions.

Many of the factors listed above are beyond our control. Those factors may cause the market price of our common stock to decline significantly, regardless of our financial condition, results of operations and prospects. It is impossible to provide any assurance that the market price of our common stock will not fall in the future, and it may be difficult for holders to resell shares of our common stock at prices they find attractive, or at all. In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management s attention and resources.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein contain various forward-looking statements within the meaning of the Securities Act of 1933, as amended, or the Securities Act, and the Exchange Act, and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as forecasts, intends, intend, intended, goal, estimate, estimates, expects, expect, expected, project, projected, projections, plans, predicts, potential, seeks, anticipa could, may, will, designed to, foreseeable future, believe, believes, scheduled , guidance and similar expressions are intended to i forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks disclosed under Risk Factors above and in our Annual Report on Form 10-K for the year ended December 31, 2013, such risks and uncertainties include:

changes in general economic conditions, the real estate industry and the markets in which we operate;

difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;

our liquidity and refinancing demands;

our ability to obtain or refinance maturing debt;

our ability to maintain compliance with covenants contained in our debt facilities;

availability of capital;

difficulties in completing acquisitions;

our ability to maintain rental rates and occupancy levels;

our failure to maintain effective internal control over financial reporting and disclosure controls and procedures;

increases in interest rates and operating costs, including insurance premiums and real property taxes;

risks related to natural disasters;

general volatility of the capital markets and the market price of shares of our capital stock;

our failure to maintain our status as a REIT;

changes in real estate and zoning laws and regulations;

legislative or regulatory changes, including changes to laws governing the taxation of REITs;

litigation, judgments or settlements;

competitive market forces; and

the ability of manufactured home buyers to obtain financing and the level of repossessions by manufactured home lenders.

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Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference into this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, whether as a result of new information, future events, changes in our expectations or otherwise.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements.

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USE OF PROCEEDS

We expect that the net proceeds of this offering will be approximately $186.2 million, after deducting estimated offering expenses payable by us of approximately $500,000 (or, if the underwriter exercises its option to purchase 630,000 additional shares of our common stock in full, approximately $214.2 million after deducting estimated offering expenses payable by us of approximately $500,000).

We intend to use the net proceeds of this offering to repay borrowings outstanding under our Senior Credit Facility. As of March 5, 2014, we had $199.4 million outstanding under the Senior Credit Facility. The Senior Credit Facility has a four-year term ending May 15, 2017, and at the Operating Partnership s option the maturity date may be extended for an additional year, subject to the satisfaction of certain conditions. Indebtedness under the Senior Credit Facility bears interest at a floating rate, which can range from 1.65% to 2.90%, based on the Eurodollar rate plus a margin that is determined based on our leverage ratio. The aggregate interest rate as of March 5, 2014 was 1.83%. We used the proceeds of the Senior Credit Facility to repay in full our prior $150.0 million revolving line of credit, which was scheduled to mature on October 1, 2014, and for working capital and other general corporate purposes. An affiliate of Citigroup Global Markets Inc., the underwriter of this offering, has a participation percentage of 15% as a lender under the Senior Credit Facility.

We intend to use any remaining net proceeds from this offering to fund possible future acquisitions of properties and for working capital and general corporate purposes.

Pending use of any remaining net proceeds of this offering, we intend to invest these net proceeds in short-term interest-bearing investment grade instruments.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2013 on:

(a) an actual basis; and

(b) an adjusted basis to give effect to the offering and sale of 4,200,000 shares of our common stock in this offering at a price of $44.45 per share to the underwriter, after deducting our estimated offering expenses, and the application of the net proceeds of this offering as described under Use of Proceeds.

The following table does not reflect (i) the issuance of 30,000 shares of our common stock to employees and non-employee directors under our equity incentive plans from January 1, 2014 through the date hereof, or (ii) the Northwestern Mutual Loan or other borrowings and other repayments under our debt facilities from January 1, 2014 through the date hereof.

The information set forth below should be read in conjunction with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2013, as updated by our subsequent filings under the Exchange Act, incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of December 31, 2013	
(Dollars in thousands)	**Actual**	**As adjusted**
Cash and cash equivalents	$ 4,753	$ 9,560
DEBT:		
Debt(1)	$ 1,311,437	$ 1,311,437
Lines of credit	181,383	
Other liabilities	109,342	109,342
EQUITY:		
Preferred stock, $0.01 par value (10,000,000 shares authorized)		
Series A preferred stock, $0.01 par value per share (liquidation preference $25.00 per share), 3,400,000 shares issued and outstanding at December 31, 2013	$ 34	$ 34
Common stock, $0.01 par value, 90,000,000 shares authorized, 36,140,294 shares issued and outstanding at December 31, 2013, 40,340,294 shares issued and outstanding on a pro forma basis at December 31, 2013(2)(3)	361	403
Additional paid-in capital	1,141,590	1,327,738
Accumulated other comprehensive loss	(366)	(366)
Distributions in excess of accumulated earnings	(761,112)	(761,112)
Total Sun Communities, Inc. stockholders equity	380,507	566,697
Noncontrolling interests in affiliates:		
A-1 Preferred OP Units	45,548	45,548
A-3 Preferred OP Units	3,463	3,463
Common OP Units	(31,907)	(31,907)
Consolidated variable interest entities	(537)	(537)
TOTAL CAPITALIZATION	$ 1,999,236	$ 2,004,043

(1) Includes $35,782 in redeemable Aspen preferred OP Units and $11,240 in redeemable Series B-3 preferred OP Units.
(2) Assumes no exercise of the underwriter s option to purchase up to an additional 630,000 shares of common stock.
(3) Excludes (a) 3,781,813 shares of common stock issuable upon exchange of OP Units, (b) 46,250 shares of common stock reserved for issuance upon the exercise of outstanding stock options and (c) 392,100 shares of common stock available for issuance under our equity incentive plans as of December 31, 2013.

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SUPPLEMENTAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

Medicare Tax

Certain taxable U.S. stockholders who are individuals, estates or trusts in the higher federal income tax brackets will be subject to a 3.8% tax on all or a portion of their net investment income, which may include all or a portion of their dividends on our stock and net gains from the disposition of our stock. Taxable U.S. stockholders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to any of their income or gains in respect of our stock.

Changes in Tax Rates

As of January 1, 2013, (1) the maximum federal tax rate on qualified dividend income received by U.S. shareholders taxed at individual rates is 20%, (2) the maximum federal tax rate on long-term capital gain applicable to U.S. shareholders taxed at individual rates is 20%, and (3) the highest federal marginal individual income tax rate is 39.6%. The backup withholding rate remains at 28%. Dividends paid by REITs generally will not constitute qualified dividend income eligible for the 20% federal tax rate for stockholders that are taxable as individuals, trusts and estates and generally will be taxable at the higher ordinary income tax rates. We urge you to consult your own tax advisors regarding the impact of this legislation, and the tax rules generally, on the purchase, ownership and sale of our shares.

Reporting and Withholding on Foreign Financial Accounts

On March 18, 2010, the Hiring Incentives to Restore Employment Act, or the HIRE Act, was signed into law. Certain provisions of this law known as The Foreign Account Tax Compliance Act (commonly referred to as FATCA) imposes a 30% U.S. federal withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our capital stock to a foreign financial institution or non-financial foreign entity (whether such institution or entity is the beneficial owner or an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. tax authorities to collect and provide substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) and to withhold on certain payments, or otherwise complies with FATCA and any applicable inter-governmental agreements implementing FATCA, and (ii) in the case of a non-financial foreign entity, such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the substantial U.S. owners of the entity, which generally includes certain U.S. persons who directly or indirectly own more than 10% of the entity, or otherwise complies with FATCA and any applicable inter-governmental agreements implementing FATCA. Withholding under FATCA on dividends on our capital stock generally is to begin after June 30, 2014. Withholding on gross proceeds from the sale or other disposition of our capital stock generally is to begin after December 31, 2016. We will not pay any additional amounts to shareholders subject to withholding under FATCA. Under certain circumstances, an investor may be eligible for refunds or credits of any taxes imposed under FATCA. Prospective investors should consult their tax advisors regarding the effect, if any, of FATCA on their acquisition, ownership and disposition of our capital stock.

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UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, Citigroup Global Markets Inc. has agreed to purchase, and we have agreed to sell to Citigroup Global Markets Inc. 4,200,000 shares of common stock.

The underwriting agreement provides that the obligations of the underwriter to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriter is obligated to purchase all the shares (other than those covered by the underwriter s option to purchase additional shares described below) if it purchases any of the shares.

The underwriter proposes to offer the shares of common stock offered hereby from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by it and subject to its right to reject any order in whole or in part. The underwriter may effect such transactions by selling the shares of common stock to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriter and/or purchasers of shares of common stock for whom they may act as agents or to whom they may sell as principal. The difference between the price at which the underwriter purchases shares from us and the price at which the underwriter resells such shares may be deemed underwriting compensation.

If the underwriter sells more shares than the total number set forth above, we have granted to the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to p