

SUN COMMUNITIES INC  
Form 10-Q  
April 24, 2018

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, 2018.

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, a smaller reporting company or an emerging growth company. (Check one):

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

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section to Section 13(a) of the Exchange Act. [ ]

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 April 17, 2018: 80,086,174

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## PART I – FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

## SUN COMMUNITIES, INC.

## CONSOLIDATED BALANCE SHEETS

(Unaudited - dollars in thousands, except per share amounts)

	(unaudited) March 31, 2018	December 31, 2017
<b>ASSETS</b>		
Land	\$ 1,114,609	\$ 1,107,838
Land improvements and buildings	5,128,186	5,102,014
Rental homes and improvements	538,672	528,074
Furniture, fixtures and equipment	148,197	144,953
Investment property	6,929,664	6,882,879
Accumulated depreciation	(1,287,010 )	(1,237,525 )
Investment property, net (including \$49,943 and \$50,193 for consolidated variable interest entities at March 31, 2018 and December 31, 2017; see Note 7)	5,642,654	5,645,354
Cash and cash equivalents	15,153	10,127
Inventory of manufactured homes	36,311	30,430
Notes and other receivables, net	193,851	163,496
Collateralized receivables, net	123,155	128,246
Other assets, net (including \$1,453 and \$1,659 for consolidated variable interest entities at March 31, 2018 and December 31, 2017; see Note 7)	138,529	134,304
<b>TOTAL ASSETS</b>	<b>\$6,149,653</b>	<b>\$ 6,111,957</b>
<b>LIABILITIES</b>		
Mortgage loans payable (including \$41,756 and \$41,970 for consolidated variable interest entities at March 31, 2018 and December 31, 2017; see Note 7)	\$2,826,225	\$ 2,867,356
Secured borrowings on collateralized receivables	124,077	129,182
Preferred OP units - mandatorily redeemable	37,338	41,443
Lines of credit	141,800	41,257
Distributions payable	58,663	55,225
Other liabilities (including \$1,326 and \$1,468 for consolidated variable interest entities at March 31, 2018 and December 31, 2017; see Note 7)	282,993	270,741
<b>TOTAL LIABILITIES</b>	<b>3,471,096</b>	<b>3,405,204</b>
Commitments and contingencies		
Series A-4 preferred stock, \$0.01 par value. Issued and outstanding: 1,085 shares at March 31, 2018 and December 31, 2017	32,414	32,414
Series A-4 preferred OP units	10,492	10,652
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.01 par value. Authorized: 180,000 shares; Issued and outstanding: 79,885 shares at March 31, 2018 and 79,679 shares at December 31, 2017	799	797
Additional paid-in capital	3,759,066	3,758,533
Accumulated other comprehensive income (loss)	(670 )	1,102
Distributions in excess of accumulated earnings	(1,187,563 )	(1,162,001 )
Total Sun Communities, Inc. stockholders' equity	2,571,632	2,598,431
Noncontrolling interests		
Common and preferred OP units	59,268	60,971

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Consolidated variable interest entities	4,751	4,285
Total noncontrolling interests	64,019	65,256
TOTAL STOCKHOLDERS' EQUITY	2,635,651	2,663,687
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$6,149,653	\$6,111,957

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,	
	2018	2017
<b>REVENUES</b>		
Income from real property	\$ 197,211	\$ 183,054
Revenue from home sales	34,900	27,263
Rental home revenue	13,020	12,339
Ancillary revenues	6,568	6,219
Interest	5,316	4,646
Brokerage commissions and other revenues, net	901	879
Total revenues	257,916	234,400
<b>EXPENSES</b>		
Property operating and maintenance	51,630	47,166
Real estate taxes	13,836	13,143
Cost of home sales	26,571	20,883
Rental home operating and maintenance	5,170	5,102
Ancillary expenses	5,266	4,668
Home selling expenses	3,290	3,111
General and administrative	19,931	17,932
Transaction costs	—	2,386
Catastrophic weather related charges, net	(2,213 )	87
Depreciation and amortization	66,437	62,766
Loss on extinguishment of debt	196	466
Interest	31,138	31,322
Interest on mandatorily redeemable preferred OP units	619	784
Total expenses	221,871	209,816
Income before other items	36,045	24,584
Other (expense) / income, net	(2,617 )	839
Current tax expense	(174 )	(178 )
Deferred tax benefit	347	300
Net income	33,601	25,545
Less: Preferred return to preferred OP units	(1,080 )	