

EQUITY LIFESTYLE PROPERTIES INC
Form 10-Q
August 02, 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 June 30, 2013

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

For the transition period from _____ to _____

Commission file number: 1-11718

EQUITY LIFESTYLE PROPERTIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland 36-3857664
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606
(Address of Principal Executive Offices) (Zip Code)
(312) 279-1400
(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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

83,354,463 shares of Common Stock as of August 1, 2013.

Equity LifeStyle Properties, Inc.
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Equity LifeStyle Properties, Inc.

Consolidated Balance Sheets

As of June 30, 2013 and December 31, 2012

(amounts in thousands, except share and per share data (adjusted for stock split))

	June 30, 2013 (unaudited)	December 31, 2012
Assets		
Investment in real estate:		
Land	\$984,224	\$984,224
Land improvements	2,573,046	2,565,299
Buildings and other depreciable property	515,801	495,127
	4,073,071	4,044,650
Accumulated depreciation	(1,004,300) (948,581
Net investment in real estate	3,068,771	3,096,069
Cash	177,895	37,126
Notes receivable, net	43,078	45,469
Investment in joint ventures	9,519	8,420
Rent and other customer receivables, net	909	1,046
Deferred financing costs, net	19,561	20,620
Retail inventory	2,283	1,569
Deferred commission expense	23,959	22,841
Escrow deposits, goodwill, and other assets, net	55,105	45,214
Assets held for disposition	120,049	119,852
Total Assets	\$3,521,129	\$3,398,226
Liabilities and Equity		
Liabilities:		
Mortgage notes payable	\$2,122,883	\$2,061,610
Term loan	200,000	200,000
Unsecured lines of credit	—	—
Accrued payroll and other operating expenses	71,723	63,672
Deferred revenue – upfront payments from right-to-use contracts	65,569	62,979
Deferred revenue – right-to-use annual payments	14,949	11,088
Accrued interest payable	10,144	10,500
Rents and other customer payments received in advance and security deposits	60,988	54,017
Distributions payable	25,020	—
Liabilities held for disposition	10,815	10,058
Total Liabilities	2,582,091	2,473,924
Equity:		
Stockholders' Equity:		
Preferred stock, \$0.01 par value 9,945,539 shares authorized as of June 30, 2013 and December 31, 2012; none issued and outstanding as of June 30, 2013 and December 31, 2012	—	—
6.75% Series C Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value, 54,461 shares authorized and 54,458 issued and outstanding as of June 30, 2013 and December 31, 2012 at liquidation value	136,144	136,144

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Common stock, \$0.01 par value 100,000,000 shares authorized; 83,365,446 and 83,193,310 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively	834	832
Paid-in capital	1,014,170	1,012,514
Distributions in excess of accumulated earnings	(276,448) (287,652)
Accumulated other comprehensive loss	(1,718) (2,590)
Total Stockholders' Equity	872,982	859,248
Non-controlling interests – Common OP Units	66,056	65,054
Total Equity	939,038	924,302
Total Liabilities and Equity	\$3,521,129	\$3,398,226

The accompanying notes are an integral part of the financial statements.

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Equity LifeStyle Properties, Inc.
 Consolidated Statements of Income and Comprehensive Income
 For the Quarters Ended and Six Months Ended June 30, 2013 and 2012
 (amounts in thousands, except per share data (adjusted for stock split))
 (unaudited)

	Quarters Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenues:				
Community base rental income	\$ 101,468	\$ 98,336	\$ 202,244	\$ 196,433
Rental home income	3,598	2,786	6,992	5,367
Resort base rental income	33,197	30,408	73,936	67,987
Right-to-use annual payments	12,043	12,221	23,566	23,972
Right-to-use contracts current period, gross	3,361	2,942	6,192	5,186
Right-to-use contracts, deferred, net of prior period amortization	(1,550)	(1,285)	(2,590)	(1,891)
Utility and other income	15,787	17,097	32,470	33,053
Gross revenues from home sales	4,217	1,921	6,913	3,925
Brokered resale revenues and ancillary services revenues, net	932	482	2,727	2,225
Interest income	2,076	1,908	3,974	4,012
Income from other investments, net	1,624	1,567	4,104	3,055
Total revenues	176,753	168,383	360,528	343,324
Expenses:				
Property operating and maintenance	58,345	56,882	113,401	109,850
Rental home operating and maintenance	1,487	1,281	3,357	2,694
Real estate taxes	11,888	11,510	24,290	23,367
Sales and marketing, gross	3,333	2,632	5,694	4,275
Sales and marketing, deferred commissions, net	(655)	(655)	(1,118)	(897)
Property management	10,170	9,312	20,303	18,947
Depreciation on real estate assets and rental homes	29,313	25,523	55,333	50,947
Amortization of in-place leases	159	15,650	318	31,265
Cost of home sales	3,919	2,514	6,700	4,681
Home selling expenses	454	399	981	728
General and administrative	6,946	6,810	13,655	12,909
Early debt retirement	1,381	—	1,381	—
Rent control initiatives and other	1,624	367	1,856	846
Interest and related amortization	30,377	30,705	60,500	61,528
Total expenses	158,741	162,930	306,651	321,140
Income from continuing operations before equity in income of unconsolidated joint ventures	18,012	5,453	53,877	22,184
Equity in income of unconsolidated joint ventures	609	492	1,185	1,255
Consolidated income from continuing operations	18,621	5,945	55,062	23,439
Discontinued Operations:				
Income from discontinued operations before gain on sale of property	3,165	353	6,233	513
Gain on sale of property, net of tax	—	—	958	—
Consolidated income from discontinued operations	3,165	353	7,191	513
Consolidated net income	21,786	6,298	62,253	23,952
Income allocated to non-controlling interests – Common OP Units	(1,597)	(197)	(4,730)	(1,388)

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Series A Redeemable Perpetual Preferred Stock Dividends	—	(4,038)	—	(8,069)
Series C Redeemable Perpetual Preferred Stock Dividends	(2,329)	—	(4,640)	—
Net income available for Common Shares	\$17,860	\$2,063	\$52,883	\$14,495
Consolidated net income	\$21,786	\$6,298	\$62,253	\$23,952
Other comprehensive income:				
Adjustment for fair market value of swap	430	(34)	872	(412)
Consolidated comprehensive income	22,216	6,264	63,125	23,540
Comprehensive income allocated to non-controlling interests – Common OP Units	(1,633)	(195)	(4,802)	(1,353)
Series A Redeemable Perpetual Preferred Stock Dividends	—	(4,038)	—	(8,069)
Series C Redeemable Perpetual Preferred Stock Dividends	(2,329)	—	(4,640)	—
Comprehensive income attributable to Common Stockholders	\$18,254	\$2,031	\$53,683	\$14,118

The accompanying notes are an integral part of the financial statements.

Equity LifeStyle Properties, Inc.

Consolidated Statements of Income and Comprehensive Income (Continued)

For the Quarters Ended and Six Months Ended June 30, 2013 and 2012

(amounts in thousands, except per share data (adjusted for stock split))

(unaudited)

	Quarters Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Earnings per Common Share – Basic:				
Income from continuing operations	\$0.18	\$0.02	\$0.55	\$0.17
Income from discontinued operations	\$0.04	\$0.01	\$0.09	\$0.01
Net income available for Common Shares	\$0.22	\$0.03	\$0.64	\$0.18
Earnings per Common Share – Fully Diluted:				