

HOME PROPERTIES INC
Form 10-Q
November 01, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

or

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: 1-13136

HOME PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of incorporation or organization)

850 Clinton Square, Rochester, New York
(Address of principal executive offices)

16-1455126
(I.R.S. Employer Identification No.)

14604
(Zip Code)

(585) 546-4900

(Registrant's telephone number, including area code)

Edgar Filing: HOME PROPERTIES INC - Form 10-Q

N/A

(Former name, former address and former fiscal year, if changed since last report)

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.

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.

Common Stock
\$.01 par value

Outstanding at October 25, 2013
56,889,163

Table of Contents

HOME PROPERTIES, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheets</u> <u>September 30, 2013 and December 31, 2012</u>	3
<u>Consolidated Statements of Operations</u> <u>Three and nine months ended September 30, 2013 and 2012</u>	4
<u>Consolidated Statements of Comprehensive Income</u> <u>Three and nine months ended September 30, 2013 and 2012</u>	5
<u>Consolidated Statements of Equity</u> <u>Nine months ended September 30, 2013 and year ended December 31, 2012</u>	6
<u>Consolidated Statements of Cash Flows</u> <u>Nine months ended September 30, 2013 and 2012</u>	7
<u>Notes to Consolidated Financial Statements</u>	8-20
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21-36
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	37
<u>Item 4. Controls and Procedures</u>	38
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	39
<u>Item 1A. Risk Factors</u>	39
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	39
<u>Item 3. Defaults Upon Senior Securities</u>	40
<u>Item 4. Mine Safety Disclosures</u>	40
<u>Item 5. Other Information</u>	40
<u>Item 6. Exhibits</u>	40
<u>Signatures</u>	41

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

HOME PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

(Dollars in thousands, except per share data)

(Unaudited)

	September 30, <u>2013</u>	December 31, <u>2012</u>
ASSETS		
Real estate:		
Land	\$ 780,156	\$ 791,604
Construction in progress	163,534	83,241
Buildings, improvements and equipment	4,599,949	4,580,381
	5,543,639	5,455,226
Less: accumulated depreciation	(1,213,528)	(1,108,840)
Real estate, net	4,330,111	4,346,386
Cash and cash equivalents	11,024	21,092
Cash in escrows	24,929	26,971
Accounts receivable, net	11,900	13,406
Prepaid expenses	22,973	19,504
Deferred charges, net	12,750	13,429
Other assets	7,198	10,704
Total assets	\$ 4,420,885	\$ 4,451,492
LIABILITIES AND EQUITY		
Mortgage notes payable	\$ 1,879,090	\$ 2,165,027
Unsecured notes payable	450,000	450,000
Unsecured line of credit	106,500	162,500
Accounts payable	25,547	22,691
Accrued interest payable	10,754	9,974
Accrued expenses and other liabilities	31,703	33,887
Security deposits	18,531	19,146
Total liabilities	2,522,125	2,863,225
Commitments and contingencies		
Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.01 par value; 80,000,000 shares authorized; 56,888,256 and 51,508,142 shares issued and outstanding at September 30, 2013 and	569	515

Edgar Filing: HOME PROPERTIES INC - Form 10-Q

December 31, 2012, respectively

Excess stock, \$0.01 par value; 10,000,000 shares authorized; no shares issued or outstanding

Additional paid-in capital	2,003,800		1,709,919
Distributions in excess of accumulated earnings	(397,179)		(388,397)
Accumulated other comprehensive income (loss)	395		(1,069)
Total common stockholders' equity	1,607,585		1,320,968
Noncontrolling interest	291,175		267,299
Total equity	1,898,760		1,588,267
Total liabilities and equity	\$ 4,420,885	\$	4,451,492

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

HOME PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Revenues:				
Rental income	\$ 154,100	\$ 149,562	\$ 459,552	\$ 430,997
Property other income	12,506	12,171	40,325	38,216
Other income	207	32	671	63
Total revenues	166,813	161,765	500,548	469,276
Expenses:				
Operating and maintenance	58,855	57,726	180,298	172,243
General and administrative	6,152	8,018	22,572	27,367
Interest	28,161	31,874	88,048	92,766
Depreciation and amortization	44,005	41,720	129,860	120,234
Other expenses	16	15	48	2,726
Total expenses	137,189	139,353	420,826	415,336
Income from continuing operations	29,624	22,412	79,722	53,940
Discontinued operations:				
Income (loss) from discontinued operations	-	2,010	(377)	5,972
Gain on disposition of property	-	19,667	45,004	19,667
Discontinued operations	-	21,677	44,627	25,639
Net income	29,624	44,089	124,349	79,579
Net income attributable to noncontrolling interest	(4,586)	(7,676)	(20,395)	(14,051)
Net income attributable to common stockholders	\$ 25,038	\$ 36,413	\$ 103,954	\$ 65,528
Basic earnings per share:				
Income from continuing operations	\$ 0.44	\$ 0.37	\$ 1.25	\$ 0.90
Discontinued operations	-	0.35	0.70	0.43
Net income attributable to common stockholders	\$ 0.44			