

AMERICAN LAND LEASE INC
Form 10-Q
August 06, 2004
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 June 30, 2004

OR

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

Commission file number 1-9360

AMERICAN LAND LEASE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

84-1038736
(IRS Employer
Identification No.)

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29399 U.S. Hwy 19 North, Suite 320
Clearwater, Florida
(Address of Principal Executive Offices)

33761
(Zip Code)

Registrant's telephone number, including area code (727) 726-8868

Indicate by check mark whether the registrant is an accelerated filer (As defined in Rule 12b-2 of the Exchange Act). Yes No

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

As of July 18, 2004, approximately 7,246,000 shares of common stock were outstanding.

Table of Contents

AMERICAN LAND LEASE, INC. AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2004

TABLE OF CONTENTS

	PAGE
PART I. FINANCIAL INFORMATION:	
Item 1. Condensed Consolidated Financial Statements:	
<u>Balance Sheets as of June 30, 2004 (unaudited) and December 31, 2003</u>	1
<u>Statements of Income for the three and six months ended June 30, 2004 and 2003 (unaudited)</u>	2
<u>Statements of Cash Flows for the three and six months ended June 30, 2004 and 2003 (unaudited)</u>	3
<u>Notes to Financial Statements (unaudited)</u>	4
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Critical Accounting Policies and Estimates</u>	21
<u>Portfolio Summary</u>	23
<u>Occupancy Roll Forward</u>	23
<u>Operating Strategy</u>	23
<u>Results of Operations</u>	26
<u>Executive Overview</u>	26
<u>Liquidity and Capital Resources</u>	37
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
Item 4. <u>Controls and Procedures</u>	41
PART II. OTHER INFORMATION:	
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	41
Item 6. <u>Exhibits and Reports on Form 8-K</u>	42

Table of Contents**AMERICAN LAND LEASE, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share data)

	June 30, 2004	December 31, 2003
	<u>(Unaudited)</u>	
ASSETS		
Real estate, net of accumulated depreciation of \$21,474 and \$20,112, respectively, including real estate under development of \$44,636 and \$41,413, respectively	\$ 238,317	\$ 226,078
Cash and cash equivalents	1,207	2,064
Inventory	13,073	10,403
Other assets, net	9,729	8,162
Assets held for sale	313	389
	<u> </u>	<u> </u>
Total Assets	\$ 262,639	\$ 247,096
	<u> </u>	<u> </u>
LIABILITIES		
Secured long-term notes payable	\$ 119,876	\$ 119,194
Secured short-term financing	20,142	10,659
Accounts payable and accrued liabilities	10,982	8,423
Liabilities related to assets held for sale	6	5
	<u> </u>	<u> </u>
	\$ 151,006	\$ 138,281
	<u> </u>	<u> </u>
MINORITY INTEREST IN OPERATING PARTNERSHIP	\$ 14,497	\$ 14,014
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$.01 per share, 1,000 shares authorized, no shares issued or outstanding		
Common stock, par value \$.01 per share; 12,000 shares authorized; and 8,972 shares issued; and 7,246 shares outstanding (excluding treasury stock), respectively	\$ 90	\$ 88
Additional paid-in capital	285,517	282,818
Notes receivable from officers re common stock purchases	(775)	(799)
Deferred compensation re restricted stock	(2,719)	(1,354)
Dividends in excess of accumulated earnings	(158,365)	(159,340)
Treasury stock, 1,726 and 1,726 shares at cost, respectively	(26,612)	(26,612)
	<u> </u>	<u> </u>
	97,136	94,801
	<u> </u>	<u> </u>
Total Liabilities and Stockholders' Equity	\$ 262,639	\$ 247,096
	<u> </u>	<u> </u>

See Notes to Condensed Consolidated Financial Statements

Table of Contents**AMERICAN LAND LEASE, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

(in thousands, except per share data)

(unaudited)

	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
RENTAL PROPERTY OPERATIONS				
Rental and other property revenues	\$ 7,071	\$ 6,367	\$ 14,104	\$ 12,748
Golf course operating revenues	176	173	579	511
Total property operating revenues	7,247	6,540	14,683	13,259
Property operating expenses	(2,459)	(2,297)	(5,008)	(4,644)
Golf course operating expenses	(305)	(319)	(613)	(622)
Total property operating expenses	(2,764)	(2,616)	(5,621)	(5,266)
Depreciation	(741)	(660)	(1,450)	(1,309)
Income from rental property operations	3,742	3,264	7,612	6,684
SALES OPERATIONS				
Home sales revenue	9,714	7,771	18,994	15,661
Cost of home sales	(6,474)	(5,531)	(12,678)	(11,315)
Gross profit on home sales	3,240	2,240	6,316	4,346
Commissions earned on brokered sales	227	117	412	243
Commissions paid on brokered sales	(122)	(60)	(222)	(125)
Gross profit on brokered sales	105	57	190	118
Selling and marketing expenses	(2,455)	(1,604)	(4,798)	(3,432)
Income from sales operations	890	693	1,708	1,032
General and administrative expenses	(904)	(661)	(1,815)	(1,279)
Interest and other income	28	150	300	446
Interest expense	(1,392)	(1,371)	(2,752)	(2,655)
Equity in income of unconsolidated real estate partnerships	17	17	17	37
Income before minority interest in Operating Partnership	2,364	2,092	5,053	4,265
Minority interest in Operating Partnership	(285)	(247)	(608)	(508)
Income from continuing operations	2,079	1,845	4,445	3,757
DISCONTINUED OPERATIONS:				
Income (loss) from discontinued operations, net of minority interest	8	16	16	(55)

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Net Income	\$ 2,087	\$ 1,861	\$ 4,461	\$ 3,702
Basic earnings from continuing operations	0.30	\$ 0.27	\$ 0.64	\$ 0.55
Basic (loss) earnings from discontinued operations				(0.01)
Basic earnings per share	0.30	\$ 0.27	\$ 0.64	\$ 0.54
Diluted earnings from continuing operations	\$ 0.29	\$ 0.26	\$ 0.61	\$ 0.54
Diluted (loss) earnings from discontinued operations				(0.01)
Diluted earnings per share	\$ 0.29	\$ 0.26	\$ 0.61	\$ 0.53
Weighted average common shares outstanding	6,971	6,866	6,967	6,867
Weighted average common shares and common share equivalents outstanding	7,236	7,056	7,264	7,020
Dividends paid per share	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50

See Notes to Condensed Consolidated Financial Statements

Table of Contents**AMERICAN LAND LEASE, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)****(unaudited)**

	Six Months Ended June 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,461	\$ 3,702
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,871	1,622
Revenue recognized related to acquired lease obligations	(40)	
Amortization of deferred compensation and expense of stock options	605	262
Minority interest in Operating Partnership	608	