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ASSOCIATED ESTATES REALTY CORP Form 10-Q November 02, 2010

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

Form 10-Q

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

For the quarterly period ended September 30, 2010

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 1-12486

Associated Estates Realty Corporation

(Exact name of registrant as specified in its charter)

OHIO 34-1747603

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

1 AEC Parkway, Richmond Hts., Ohio 44143-1467

(Address of principal executive offices)

(216) 261-5000

(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 [x] 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 (subsection 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",

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"accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [] Accelerated filer [x] 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 [x]

The number of shares outstanding as of October 26, 2010 was 41,368,595 shares.

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ASSOCIATED ESTATES REALTY CORPORATION

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PART 1. FINANCIAL INFORMATION ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

ASSOCIATED ESTATES REALTY CORPORATION CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Real estate assets	(In thousands, except share amounts) ASSETS	September 30, 2010	December 31, 2009	
Land	Real estate assets			
Buildings and improvements		\$ 149.048	\$ 107.815	
Furniture and fixtures				
Construction in progress 476 4.797 Gross real estate 1,099,790 940,643 Less: accumulated depreciation (326,788) (302,108) Real estate, net 773,002 638,535 Cash and cash equivalents 8,648 7,093 Restricted cash 8,648 7,093 Accounts and notes receivable, net 1,179 1,115 Rffiliates 39 135 Other 6,883 1,910 Goodwill 1,725 1,725 Other assets, net 1,725 1,725 Total assets 8,802,899 8,962,205 Unsequency revolving credit facility 96,001 12,500 Unsecured revolving credit facility 96,0163 52,836 Unsecured debt 2 2,258 Total debt 5,611 2,849 Accounts payable, accrued expenses and other liabilities 59,625 561,236 Total debt 5,611 2,849 Resident security deposits 3,078 2,956 Accruedinterest	e i	*	,	
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The accompanying notes are an integral part of these consolidated financial statements.

ASSOCIATED ESTATES REALTY CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share amounts)	2010	2009	2010	2009
Revenue				
Property revenue	\$ 34,356	\$ 32,255	\$ 98,963	\$ 96,217
Management and service company revenue:				
Fees, reimbursements and other	217	232	715	1,057
Construction and other services	5,717	379	8,448	730
Total revenue	40,290	32,866	108,126	98,004
Expenses				
Property operating and maintenance	14,934	13,999	43,120	41,566
Depreciation and amortization	10,126	8,502	27,716	26,297
Direct property management and service company expense	192	210	602	918
Construction and other services	5,384	465	8,685	999
General and administrative	3,560	3,831	10,957	10,136
Costs associated with acquisitions	368	-	429	-
Total expenses	34,564	27,007	91,509	79,916
Operating income	5,726	5,859	16,617	18,088
Interest income	6	6	27	41
Interest expense	(7,516)	(8,665)	(23,882)	(25,586)
(Loss) income before gain on insurance recoveries				