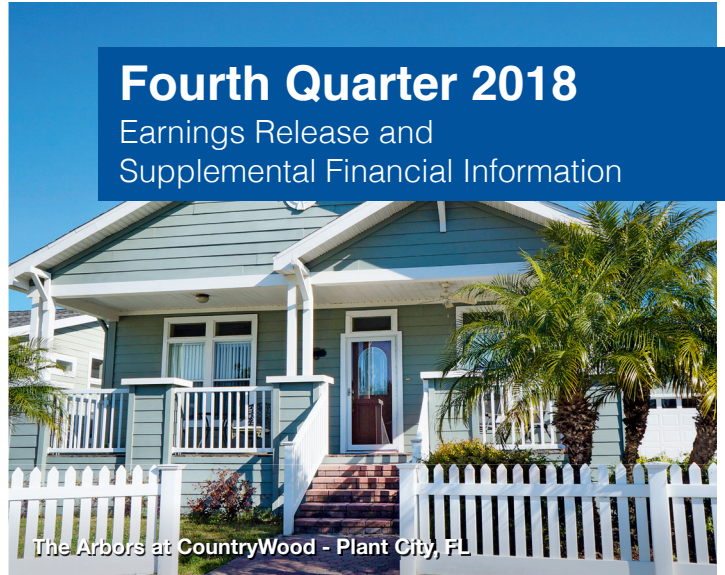


Fourth Quarter 2018

Earnings Release and
Supplemental Financial Information



ViewPoint - Mesa, AZ



The Arbors at CountryWood - Plant City, FL



Fiesta Key - Long Key, FL



Victoria Palms - Donna, TX



Soledad Canyon - Acton, CA

els Equity LifeStyle Properties

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FOR IMMEDIATE RELEASE
January 28, 2019

ELS REPORTS FOURTH QUARTER RESULTS **Continued Strong Performance**

CHICAGO, IL – January 28, 2019 – Equity LifeStyle Properties, Inc. (NYSE: ELS) (referred to herein as “we,” “us,” and “our”) today announced results for the quarter and year ended December 31, 2018. All per share results are reported on a fully diluted basis unless otherwise noted.

Financial Results for the Quarter and Year Ended December 31, 2018

For the quarter ended December 31, 2018, total revenues increased \$13.5 million, or 5.9 percent, to \$243.5 million compared to \$230.0 million for the same period in 2017. Net income available for Common Stockholders for the quarter ended December 31, 2018 increased \$5.2 million, or \$0.05 per Common Share, to \$50.2 million, or \$0.56 per Common Share, compared to \$45.0 million, or \$0.51 per Common Share, for the same period in 2017.

For the year ended December 31, 2018, total revenues increased \$61.4 million, or 6.6 percent, to \$986.7 million compared to \$925.3 million for the same period in 2017. Net income available for Common Stockholders for the year ended December 31, 2018 increased \$22.7 million, or \$0.21 per Common Share, to \$212.6 million, or \$2.38 per Common Share, compared to \$189.9 million, or \$2.17 per Common Share, for the same period in 2017.

Non-GAAP Financial Measures and Portfolio Performance

For the quarter ended December 31, 2018, Funds from Operations (“FFO”) available for Common Stock and OP Unit holders increased \$11.0 million, or \$0.11 per Common Share, to \$90.4 million, or \$0.95 per Common Share, compared to \$79.4 million, or \$0.84 per Common Share, for the same period in 2017. For the year ended December 31, 2018, FFO available for Common Stock and OP Unit holders increased \$40.3 million, or \$0.36 per Common Share, to \$372.0 million, or \$3.91 per Common Share, compared to \$331.7 million, or \$3.55 per Common Share, for the same period in 2017.

For the quarter ended December 31, 2018, Normalized Funds from Operations (“Normalized FFO”) available for Common Stock and OP Unit holders increased \$9.7 million, or \$0.09 per Common Share, to \$92.3 million, or \$0.97 per Common Share, compared to \$82.6 million, or \$0.88 per Common Share, for the same period in 2017. For the year ended December 31, 2018, Normalized FFO available for Common Stock and OP Unit holders increased \$32.0 million, or \$0.27 per Common Share, to \$367.9 million, or \$3.87 per Common Share, compared to \$335.9 million, or \$3.60 per Common Share, for the same period in 2017.

For the quarter ended December 31, 2018, property operating revenues, excluding deferrals, increased \$16.9 million to \$232.2 million compared to \$215.3 million for the same period in 2017. For the year ended December 31, 2018, property operating revenues, excluding deferrals, increased \$60.1 million to \$936.0 million compared to \$875.9 million for the same period in 2017. For the quarter ended December 31, 2018, income from property operations, excluding deferrals and property management, increased \$13.8 million to \$138.8 million compared to \$125.0 million for the same period in 2017. For the year ended December 31, 2018, income from property operations, excluding deferrals and property management, increased \$38.9 million to \$547.7 million compared to \$508.8 million for the same period in 2017.

For the quarter ended December 31, 2018, Core property operating revenues, excluding deferrals, increased approximately 4.5 percent and Core income from property operations, excluding deferrals and property management, increased approximately 6.3 percent compared to the same period in 2017. For the year ended December 31, 2018,

Core property operating revenues, excluding deferrals, increased approximately 4.8 percent and Core income from property operations, excluding deferrals and property management, increased approximately 5.2 percent compared to the same period in 2017.

Investment Activity

On November 20, 2018, we completed the acquisition of Timber Creek, a 364-site RV Resort in Westerly, Rhode Island. The purchase price was \$21.1 million and was funded with available cash and proceeds from debt financing transactions that closed during the quarter.

On December 13, 2018, we completed the acquisition of Palm Lake, a 915-site manufactured home community in Riviera Beach, Florida. The purchase price was \$73.5 million and was funded with available cash and proceeds from debt financing transactions that closed during the quarter.

On December 20, 2018, we completed the acquisition of King Nummy, a 313-site RV resort in Cape May Court House, New Jersey. The purchase price was \$7.6 million and was funded with available cash and proceeds from debt financing transactions that closed during the quarter.

On January 23, 2019, we closed on the sale of five all-age manufactured home communities located in Indiana and Michigan, collectively containing approximately 1,463 sites, for \$89.7 million.

Balance Sheet Activity

During the quarter ended December 31, 2018, we closed on two financing transactions generating gross proceeds of \$357.8 million. One transaction was a \$250.6 million credit facility with Fannie Mae, secured by seven manufactured home communities, which has a weighted average interest rate of 4.29% per annum and a weighted average maturity of 12.6 years. Another transaction was a \$107.2 million loan from Lincoln Financial Group, secured by five manufactured home communities, which has an interest rate of 4.10% per annum and a maturity of 20 years. The net proceeds from the transactions were primarily used for acquisitions and repayments of \$196.8 million of other loans maturing in 2018 and 2019, with a weighted average interest rate of 6.29% per annum.

About Equity LifeStyle Properties

We are a self-administered, self-managed real estate investment trust (“REIT”) with headquarters in Chicago. As of January 28, 2019, we own or have an interest in 409 quality properties in 33 states and British Columbia consisting of 153,984 sites.

Previously, when we posted investor presentations on our website, we also electronically furnished investor presentations with the Securities and Exchange Commission as exhibits to Current Reports on Form 8-K. Although we may furnish certain of our investor presentations as exhibits to Current Reports on Form 8-K, our future investor presentations may only be available on our website. Investors should periodically review our website for any such future presentations. For additional information, please contact our Investor Relations Department at (800) 247-5279 or at investor_relations@equitylifestyle.com.

Conference Call

A live webcast of our conference call discussing these results will take place tomorrow, Tuesday, January 29, 2019, at 10:00 a.m. Central Time. Please visit the Investor Information section at www.equitylifestyleproperties.com for the link. A replay of the webcast will be available for two weeks at this site.

Reporting Calendar

Quarterly financial results and related earnings conference calls for the next three quarters are expected to occur as follows:

	Release Date	Earnings Call
First Quarter 2019	Monday, April 22, 2019	Tuesday, April 23, 2019 10:00 a.m. CT
Second Quarter 2019	Monday, July 22, 2019	Tuesday, July 23, 2019 10:00 a.m. CT
Third Quarter 2019	Monday, October 21, 2019	Tuesday, October 22, 2019 10:00 a.m. CT

Forward-Looking Statements

In addition to historical information, this press release includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used, words such as “anticipate,” “expect,” “believe,” “project,” “intend,” “may be” and “will be” and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements and may include without limitation, information regarding our expectations, goals or intentions regarding the future, and the expected effect of our acquisitions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to:

- our ability to control costs and real estate market conditions, our ability to retain customers, the actual use of sites by customers and our success in acquiring new customers at our properties (including those that we may acquire);
- our ability to maintain historical or increase future rental rates and occupancy with respect to properties currently owned or that we may acquire;
- our ability to retain and attract customers renewing, upgrading and entering right-to-use contracts;
- our assumptions about rental and home sales markets;
- our assumptions and guidance concerning 2019, including estimated net income, FFO and Normalized FFO;
- our ability to manage counterparty risk;
- our ability to renew our insurance policies at existing rates and on consistent terms;
- in the age-qualified properties, home sales results could be impacted by the ability of potential home buyers to sell their existing residences as well as by financial, credit and capital markets volatility;
- results from home sales and occupancy will continue to be impacted by local economic conditions, lack of affordable manufactured home financing and competition from alternative housing options including site-built single-family housing;
- impact of government intervention to stabilize site-built single-family housing and not manufactured housing;
- effective integration of recent acquisitions and our estimates regarding the future performance of recent acquisitions;
- the completion of future transactions in their entirety, if any, and timing and effective integration with respect thereto;
- unanticipated costs or unforeseen liabilities associated with recent acquisitions;
- ability to obtain financing or refinance existing debt on favorable terms or at all;
- the effect of interest rates;
- the effect from any breach of our, or any of our vendors', data management systems;
- the dilutive effects of issuing additional securities;
- the effect of changes in accounting for Leases set forth under the Codification Topic “Leases”;
- the outcome of pending or future lawsuits or actions brought against us, including those disclosed in our filings with the Securities and Exchange Commission; and
- other risks indicated from time to time in our filings with the Securities and Exchange Commission.

For further information on these and other factors that could impact us and the statements contained herein, refer to our filings with the Securities and Exchange Commission, including “Risk Factors” in our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q.

These forward-looking statements are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

Investor Information

Equity Research Coverage⁽¹⁾

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1. Any opinions, estimates or forecasts regarding our performance made by these analysts or agencies do not represent our opinions, estimates or forecasts. We do not by reference to these firms imply our endorsement of or concurrence with such information, conclusions or recommendations.

Financial Highlights

(In millions, except Common Stock and OP Units outstanding and per share data, unaudited)

	As of and for the Three Months Ended				
	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
Operating Information					
Total revenues	\$ 243.5	\$ 256.7	\$ 240.5	\$ 246.0	\$ 230.0
Net income	\$ 53.4	\$ 59.7	\$ 49.2	\$ 64.2	\$ 48.0
Net income available for Common Stockholders	\$ 50.2	\$ 56.1	\$ 46.1	\$ 60.2	\$ 45.0
Adjusted EBITDA ⁽¹⁾	\$ 117.3	\$ 118.9	\$ 108.6	\$ 122.0	\$ 106.7
FFO available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 90.4	\$ 97.7	\$ 85.6	\$ 98.2	\$ 79.4
Normalized FFO available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 92.3	\$ 93.9	\$ 83.8	\$ 97.9	\$ 82.6
Funds available for distribution ("FAD") available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 80.4	\$ 82.1	\$ 71.4	\$ 89.1	\$ 72.6
Common Stock Outstanding (In thousands) and Per Share Data					
Common Stock and OP Units, end of the period	95,667	95,493	94,623	94,565	94,420
Weighted average Common Stock and OP Units outstanding - Fully Diluted	95,577	95,263	94,623	94,577	94,295
Net income per Common Share - Fully Diluted ⁽³⁾	\$ 0.56	\$ 0.63	\$ 0.52	\$ 0.68	\$ 0.51
FFO per Common Share and OP Unit - Fully Diluted	\$ 0.95	\$ 1.03	\$ 0.90	\$ 1.04	\$ 0.84
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$ 0.97	\$ 0.99	\$ 0.89	\$ 1.04	\$ 0.88
Dividends per Common Share	\$ 0.550	\$ 0.550	\$ 0.550	\$ 0.550	\$ 0.488
Balance Sheet					
Total assets	\$ 3,926	\$ 3,855	\$ 3,700	\$ 3,690	\$ 3,610
Total liabilities	\$ 2,732	\$ 2,665	\$ 2,598	\$ 2,589	\$ 2,510
Market Capitalization					
Total debt ⁽⁴⁾	\$ 2,386	\$ 2,318	\$ 2,251	\$ 2,264	\$ 2,224
Total market capitalization ⁽⁵⁾	\$ 11,678	\$ 11,528	\$ 10,947	\$ 10,564	\$ 10,629
Ratios					
Total debt / total market capitalization	20.4%	20.1%	20.6%	21.4%	20.9%
Total debt / Adjusted EBITDA ⁽⁶⁾	5.1	5.1	5.0	5.1	5.1
Interest coverage ⁽⁷⁾	4.5	4.4	4.4	4.4	4.4
Fixed charges + preferred distributions coverage ⁽⁸⁾	4.4	4.4	4.3	4.2	4.1

1. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of Adjusted EBITDA, FFO, Normalized FFO and FAD and a reconciliation of Consolidated net income to Adjusted EBITDA.
2. See page 7 for a reconciliation of Net income available for Common Stockholders to Non-GAAP financial measures FFO available for Common Stock and OP Unit holders, Normalized FFO available for Common Stock and OP Unit holders and FAD available for Common Stock and OP Unit holders.
3. Net income per fully diluted Common Share is calculated before Income allocated to non-controlling interest- Common OP Units.
4. Excludes deferred financing costs of approximately \$26.4 million.
5. See page 16 for market capitalization as of December 31, 2018.
6. Calculated using trailing twelve months Adjusted EBITDA.
7. Interest coverage is calculated by dividing trailing twelve months Adjusted EBITDA by the interest expense incurred during the same period.
8. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for a definition of fixed charges. This ratio is calculated by dividing trailing twelve months Adjusted EBITDA by the sum of fixed charges and preferred stock dividends during the same period.

Consolidated Balance Sheets

(In thousands, except share and per share data)

	December 31, 2018 (unaudited)	December 31, 2017
Assets		
Investment in real estate:		
Land	\$ 1,408,832	\$ 1,221,375
Land improvements	3,143,745	3,045,221
Buildings and other depreciable property	720,900	649,217
	<u>5,273,477</u>	<u>4,915,813</u>
Accumulated depreciation	(1,631,888)	(1,516,694)
Net investment in real estate	<u>3,641,589</u>	<u>3,399,119</u>
Cash and restricted cash	60,542	31,085
Notes receivable, net	35,041	49,477
Investment in unconsolidated joint ventures	57,755	53,080
Deferred commission expense	40,308	31,443
Escrow deposits, goodwill and other assets, net	54,659	45,828
Assets held for sale, net	35,914	—
Total Assets	<u>\$ 3,925,808</u>	<u>\$ 3,610,032</u>
Liabilities and Equity		
Liabilities:		
Mortgage notes payable	\$ 2,149,726	\$ 1,971,715
Term loan	198,626	198,302
Unsecured line of credit	—	30,000
Accrued expenses and accounts payable	102,854	80,744
Deferred revenue – upfront payments from right-to-use contracts	116,363	85,596
Deferred revenue – right-to-use annual payments	10,055	9,932
Accrued interest payable	8,759	8,387
Rents and other customer payments received in advance and security deposits	81,114	79,267
Distributions payable	52,617	46,047
Liabilities related to assets held for sale	12,350	—
Total Liabilities	<u>2,732,464</u>	<u>2,509,990</u>
Equity:		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized as of December 31, 2018 and December 31, 2017; none issued and outstanding.	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized as of December 31, 2018 and December 31, 2017; 89,921,018 and 88,585,160 shares issued and outstanding as of December 31, 2018 and December 31, 2017, respectively.	896	883
Paid-in capital	1,329,391	1,242,109
Distributions in excess of accumulated earnings	(211,034)	(211,980)
Accumulated other comprehensive income	2,299	942
Total Stockholders' Equity	<u>1,121,552</u>	<u>1,031,954</u>
Non-controlling interests – Common OP Units	71,792	68,088
Total Equity	<u>1,193,344</u>	<u>1,100,042</u>
Total Liabilities and Equity	<u>\$ 3,925,808</u>	<u>\$ 3,610,032</u>

Consolidated Income Statements

(In thousands, unaudited)

	Quarters Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Revenues:				
Community base rental income	\$ 132,188	\$ 123,780	\$ 518,252	\$ 489,613
Rental home income	3,746	3,515	14,329	14,344
Resort base rental income	56,070	49,212	239,906	218,806
Right-to-use annual payments	12,162	11,665	47,778	45,798
Right-to-use contracts current period, gross	3,222	2,920	15,191	14,132
Right-to-use contract upfront payments, deferred, net	(1,191)	(342)	(7,380)	(4,108)
Utility and other income	24,804	24,181	100,562	93,252
Gross revenues from home sales	9,311	11,430	36,064	36,302
Brokered resale and ancillary services revenues, net	204	(290)	3,584	3,798
Interest income	1,867	2,038	7,525	7,580
Income from other investments, net	1,068	1,877	10,842	5,795
Total revenues	243,451	229,986	986,653	925,312
Expenses:				
Property operating and maintenance	73,559	73,000	313,003	294,119
Rental home operating and maintenance	1,879	1,698	6,836	6,610
Real estate taxes	15,077	13,024	55,892	55,010
Sales and marketing, gross	2,857	2,577	12,542	11,438
Right-to-use contract commissions, deferred, net	(69)	18	(813)	(354)
Property management	12,994	12,509	53,736	51,252
Depreciation on real estate assets and rental homes	33,392	30,606	130,022	121,455
Amortization of in-place leases	2,118	103	7,187	2,231
Cost of home sales	9,527	11,122	37,475	36,513
Home selling expenses	946	885	4,095	4,186
General and administrative	11,161	8,398	37,684	31,737
Other expenses	387	334	1,483	1,148
Early debt retirement	1,071	2,785	1,071	2,785
Interest and related amortization	26,515	25,842	104,993	100,570
Total expenses	191,414	182,901	765,206	718,700
Income before equity in income of unconsolidated joint ventures	52,037	47,085	221,447	206,612
Equity in income of unconsolidated joint ventures	1,343	889	4,939	3,765
Consolidated net income	53,380	47,974	226,386	210,377
Income allocated to non-controlling interest-Common OP Units	(3,206)	(2,963)	(13,774)	(12,788)
Redeemable perpetual preferred stock dividends and original issuance costs	(8)	(18)	(16)	(7,685)
Net income available for Common Stockholders	\$ 50,166	\$ 44,993	\$ 212,596	\$ 189,904

Non-GAAP Financial Measures

Selected Non-GAAP Financial Measures

(In millions, except per share data, unaudited)

	Quarter Ended
	December 31, 2018
Income from property operations, excluding deferrals and property management - 2018 Core ⁽¹⁾	\$ 133.5
Income from property operations, excluding deferrals and property management - Non-Core ⁽¹⁾	5.3
Property management and general and administrative	(22.6)
Other income and expenses	2.6
Interest and related amortization	(26.5)
Normalized FFO available for Common Stock and OP Unit holders ⁽²⁾	92.3
Early debt retirement	(1.1)
Insurance proceeds due to catastrophic weather event and other, net ⁽³⁾	(0.8)
FFO available for Common Stock and OP Unit holders ⁽²⁾	\$ 90.4
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$ 0.97
FFO per Common Share and OP Unit - Fully Diluted	\$ 0.95
Normalized FFO available for Common Stock and OP Unit holders ⁽²⁾	\$ 92.3
Non-revenue producing improvements to real estate ⁽²⁾	(11.9)
FAD available for Common Stock and OP Unit holders ⁽²⁾	\$ 80.4
Weighted average Common Stock and OP Units - Fully Diluted	95.6

1. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of Income from property operations, excluding deferrals and property management, Core, Non-Core, and a reconciliation of Net income available for Common Stockholders to Income from property operations, excluding deferrals and property management. See page 9 for details of the Core Income from Property Operations, excluding deferrals and property management. See page 10 for details of the Non-Core Income from Property Operations, excluding deferrals and property management.
2. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of FFO, Normalized FFO, FAD and Non-revenue producing improvements to real estate. See page 7 for a reconciliation of Net income available for Common Stockholders to FFO available for Common Stock and OP Unit holders, Normalized FFO available for Common Stock and OP Unit holders and FAD available for Common Stock and OP Unit holders.
3. Includes \$1.6 million related to settlement of a previously disclosed civil investigation by certain California district attorneys and \$0.8 million insurance recovery revenue from reimbursement for capital expenditures related to Hurricane Irma.

Reconciliation of Net Income to Non-GAAP Financial Measures

(In thousands, except per share data, unaudited)

	Quarters Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Net income available for Common Stockholders	\$ 50,166	\$ 44,993	\$ 212,596	\$ 189,904
Income allocated to Common OP Units	3,206	2,963	13,774	12,788
Right-to-use contract upfront payments, deferred, net ⁽¹⁾	1,191	342	7,380	4,108
Right-to-use contract commissions, deferred, net ⁽²⁾	(69)	18	(813)	(354)
Depreciation on real estate assets	30,905	28,075	120,212	111,014
Depreciation on rental homes	2,487	2,531	9,810	10,441
Amortization of in-place leases	2,118	103	7,187	2,231
Depreciation on unconsolidated joint ventures	426	362	1,816	1,533
FFO available for Common Stock and OP Unit holders ⁽³⁾	90,430	79,387	371,962	331,665
Insurance proceeds due to catastrophic weather event and other, net ⁽⁴⁾	800	—	(5,125)	757
Early debt retirement	1,071	2,785	1,071	2,785
Transaction costs	—	400	—	724
Normalized FFO available for Common Stock and OP Unit holders ⁽³⁾	92,301	82,572	367,908	335,931
Non-revenue producing improvements to real estate ⁽³⁾	(11,864)	(10,010)	(44,829)	(39,833)
FAD available for Common Stock and OP Unit holders ⁽³⁾	\$ 80,437	\$ 72,562	\$ 323,079	\$ 296,098
Net income available per Common Share - Basic	\$ 0.56	\$ 0.51	\$ 2.39	\$ 2.18
Net income available per Common Share - Fully Diluted ⁽⁵⁾	\$ 0.56	\$ 0.51	\$ 2.38	\$ 2.17
FFO per Common Share and OP Unit-Basic	\$ 0.95	\$ 0.85	\$ 3.93	\$ 3.57
FFO per Common Share and OP Unit-Fully Diluted	\$ 0.95	\$ 0.84	\$ 3.91	\$ 3.55
Normalized FFO per Common Share and OP Unit-Basic	\$ 0.97	\$ 0.88	\$ 3.88	\$ 3.61
Normalized FFO per Common Share and OP Unit-Fully Diluted	\$ 0.97	\$ 0.88	\$ 3.87	\$ 3.60
Average Common Stock - Basic	89,570	88,115	88,964	86,997
Average Common Stock and OP Units - Basic	95,316	93,949	94,757	93,030
Average Common Stock and OP Units - Fully Diluted	95,577	94,295	95,055	93,425

- The Company adopted ASU 2014-09, Revenue from Contracts with Customers, and all related amendments, effective January 1, 2018. Upon adoption, right-to-use nonrefundable upfront payments are recognized on a straight-line basis over 20 years to reflect our current estimated customer life for the majority of our upgrade contracts. The amount shown represents the deferral of a substantial portion of current period upgrade sales, offset by amortization of prior period sales.
- The deferred commissions are amortized using the same method as used for the related non-refundable upfront payments from the entry of right-to-use contracts and upgrade sales. The amount shown represents the deferral of a substantial portion of current period commissions on those contracts, offset by the amortization of prior period commissions.
- See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of FFO, Normalized FFO, FAD and Non-revenue producing improvements to real estate.
- Includes \$0.8 million and \$6.7 million of insurance recovery revenue from reimbursement for capital expenditures related to Hurricane Irma for the quarter and year ended December 31, 2018, respectively, and \$1.6 million related to settlement of a previously disclosed civil investigation by certain California district attorneys for the quarter and year ended December 31, 2018.
- Net income per fully diluted Common Share is calculated before Income allocated to non-controlling interest- Common OP Units.

Consolidated Income from Property Operations ⁽¹⁾

(In millions, except home site and occupancy figures, unaudited)

	Quarters Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Community base rental income ⁽²⁾	\$ 132.2	\$ 123.8	\$ 518.2	\$ 489.6
Rental home income	3.7	3.5	14.3	14.3
Resort base rental income ⁽³⁾	56.1	49.2	239.9	218.8
Right-to-use annual payments	12.2	11.7	47.8	45.8
Right-to-use contracts current period, gross	3.2	2.9	15.2	14.1
Utility and other income ⁽⁴⁾	24.8	24.2	100.6	93.3
Property operating revenues	232.2	215.3	936.0	875.9
Property operating, maintenance and real estate taxes ⁽⁵⁾	88.6	86.0	368.9	349.1
Rental home operating and maintenance	1.9	1.7	6.9	6.6
Sales and marketing, gross	2.9	2.6	12.5	11.4
Property operating expenses	93.4	90.3	388.3	367.1
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 138.8	\$ 125.0	\$ 547.7	\$ 508.8
Manufactured home site figures and occupancy averages:				
Total sites	72,735	71,109	72,020	71,064
Occupied sites	68,906	67,098	68,120	66,894
Occupancy %	94.7%	94.4%	94.6%	94.1%
Monthly base rent per site	\$ 639	\$ 615	\$ 634	\$ 610
Resort base rental income:				
Annual	\$ 38.9	\$ 34.6	\$ 148.1	133.2
Seasonal	8.6	7.8	37.7	36.2
Transient	8.6	6.8	54.1	49.4
Total resort base rental income	\$ 56.1	\$ 49.2	\$ 239.9	\$ 218.8

1. Excludes property management and the GAAP deferral of right-to-use contract upfront payments and related commissions, net. See page 4 for the Consolidated Income Statements and see Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for the definition and reconciliation of Income from property operations, excluding deferrals and property management to Net income available to Common Stockholders.
2. See the manufactured home site figures and occupancy averages below within this table.
3. See resort base rental income detail included below within this table.
4. Utility and other income includes Hurricane Irma insurance recovery revenues of \$1.2 million and \$7.7 million, including \$1.2 million and \$4.9 million, which we have identified as business interruption, for the quarter and year ended December 31, 2018, respectively. Utility and other income includes Hurricane Irma insurance recovery revenues of \$4.1 million and \$7.2 million for the quarter and year ended December 31, 2017, respectively.
5. Property operating, maintenance and real estate taxes includes debris removal and cleanup costs related to Hurricane Irma of \$2.6 million for the year ended December 31, 2018 and \$4.2 million and \$7.5 million for the quarter and year ended December 31, 2017, respectively.

Core Income from Property Operations ⁽¹⁾

(In millions, except home site and occupancy figures, unaudited)

	Quarters Ended December 31,			Years Ended December 31,		
	2018	2017	Change ⁽²⁾	2018	2017	Change ⁽²⁾
Community base rental income ⁽³⁾	\$ 129.3	\$ 123.6	4.6 %	\$ 511.4	\$ 489.1	4.6 %
Rental home income	3.7	3.5	6.6 %	14.3	14.3	(0.1)%
Resort base rental income ⁽⁴⁾	51.6	48.6	6.2 %	225.4	211.1	6.8 %
Right-to-use annual payments	12.2	11.7	4.1 %	47.8	45.8	4.3 %
Right-to-use contracts current period, gross	3.2	2.9	10.3 %	15.2	14.1	7.5 %
Utility and other income ⁽⁵⁾	23.3	23.4	(0.3)%	93.8	92.0	1.9 %
Property operating revenues	223.3	213.7	4.5 %	907.9	866.4	4.8 %
Property operating, maintenance and real estate taxes ⁽⁶⁾	85.1	83.9	1.5 %	357.1	342.8	4.1 %
Rental home operating and maintenance	1.9	1.7	10.7 %	6.8	6.6	3.4 %
Sales and marketing, gross	2.8	2.6	10.7 %	12.5	11.5	9.6 %
Property operating expenses	89.8	88.2	1.9 %	376.4	360.9	4.3 %
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 133.5	\$ 125.5	6.3 %	\$ 531.5	\$ 505.5	5.2 %
Occupied sites ⁽⁷⁾	67,472	67,093				

Core manufactured home site figures and occupancy averages:

Total sites	70,928	70,873	70,908	70,873
Occupied sites	67,349	66,991	67,180	66,832
Occupancy %	95.0%	94.5%	94.7%	94.3%
Monthly base rent per site	\$ 640	\$ 615	\$ 634	\$ 610

Resort base rental income:

Annual	\$ 36.3	\$ 34.1	6.5 %	\$ 140.5	\$ 131.7	6.6 %
Seasonal	8.2	7.8	5.0 %	36.2	33.6	7.8 %
Transient	7.1	6.7	6.3 %	48.7	45.8	6.6 %
Total resort base rental income	\$ 51.6	\$ 48.6	6.2 %	\$ 225.4	\$ 211.1	6.8 %

- Excludes property management and the GAAP deferral of right-to-use contract upfront payments and related commissions, net. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of Income from property operations, excluding deferrals and property management, and Core.
- Calculations prepared using actual results without rounding.
- See the Core manufactured home site figures and occupancy averages included below within this table.
- See resort base rental income detail included below within this table.
- Utility and other income includes Hurricane Irma insurance recovery revenues of \$2.4 million for the year ended December 31, 2018 and \$3.4 million and \$6.4 million for the quarter and year ended December 31, 2017, respectively.
- Property operating, maintenance and real estate taxes includes debris removal and cleanup costs related to Hurricane Irma of \$2.2 million for the year ended December 31, 2018 and \$3.4 million and \$6.7 million for the quarter and year ended December 31, 2017, respectively.
- Occupied sites are presented as of the end of the period. Occupied sites increased by 379 from 67,093 at December 31, 2017.

Non-Core Income from Property Operations ⁽¹⁾

(In millions, unaudited)

	Quarter Ended December 31, 2018	Year Ended December 31, 2018
Community base rental income	\$ 2.9	\$ 6.8
Resort base rental income	4.4	14.5
Utility income and other property income ⁽²⁾	1.5	6.8
Property operating revenues	8.8	28.1
Property operating expenses	3.5	11.9
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 5.3	\$ 16.2

1. Excludes property management and the GAAP deferral of right-to-use contract upfront payments and related commissions, net. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of Income from property operations, excluding deferrals and property management, and Non-Core.
2. Utility and other property includes Hurricane Irma insurance recovery revenues of \$1.2 million and \$5.3 million, which we have identified as business interruption for the quarter and year ended December 31, 2018, respectively.

Income from Rental Home Operations

(In millions, except occupied rentals, unaudited)

	Quarters ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Manufactured homes:				
Rental operations revenues ⁽¹⁾	\$ 11.8	\$ 11.8	\$ 46.9	\$ 48.9
Rental operations expense	1.9	1.7	6.8	6.6
Income from rental operations	9.9	10.1	40.1	42.3
Depreciation on rental homes ⁽²⁾	2.5	2.5	9.8	10.4
Income from rental operations, net of depreciation ⁽³⁾	\$ 7.4	\$ 7.6	\$ 30.3	\$ 31.9
Occupied rentals: ⁽⁴⁾				
New	2,835	2,533		
Used	1,406	1,884		
Total occupied rental sites	4,241	4,417		
	As of December 31, 2018		As of December 31, 2017	
	Gross	Net of Depreciation	Gross	Net of Depreciation
Cost basis in rental homes: ⁽⁵⁾				
New	\$ 166.5	\$ 136.3	\$ 132.5	\$ 105.8
Used	33.9	15.8	43.4	23.8
Total rental homes	\$ 200.4	\$ 152.1	\$ 175.9	\$ 129.6

- For the quarters ended December 31, 2018 and 2017, approximately \$8.0 million and \$8.3 million, respectively, of the rental operations revenue are included in Community base rental income in the Consolidated Income from Property Operations table on page 8. For the year ended December 31, 2018 and 2017, approximately \$32.6 million and \$34.6 million, respectively, of the rental operations revenue are included in Community base rental income in the Consolidated Income from Property Operations table on page 8. The remainder of the rental operations revenue is included in Rental home income for the quarters and year ended December 31, 2018 and 2017 in the Consolidated Income from Property Operations table on page 8.
- Included in Depreciation on real estate and rental homes in the Consolidated Statements of Income and Comprehensive Income.
- See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for the definition of Income from rental operations, net of depreciation.
- Occupied rentals as of the end of the period in our Core portfolio. Included in the quarters ended December 31, 2018 and 2017 are 279 and 268 homes rented through our ECHO joint venture, respectively. For the year ended December 31, 2018 and 2017, the rental home investment associated with our ECHO joint venture totals approximately \$9.8 million and \$9.1 million, respectively.
- Includes both occupied and unoccupied rental homes. New home cost basis did not include the costs associated with our ECHO joint venture. At December 31, 2018 and 2017, our investment in the ECHO joint venture was approximately \$16.2 million and \$15.6 million, respectively.

Total Sites and Home Sales

(In thousands, except sites and home sale volumes, unaudited)

Summary of Total Sites as of December 31, 2018

	Sites
Community sites	73,300
Resort sites:	
Annuals	29,100
Seasonal	11,300
Transient	11,500
Membership ⁽¹⁾	24,300
Joint Ventures ⁽²⁾	5,900
Total	155,400

Home Sales - Select Data

	Quarters Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Total New Home Sales Volume ⁽³⁾	139	184	556	597
<i>New Home Sales Volume - ECHO joint venture</i>	26	32	100	158
New Home Sales Gross Revenues ⁽³⁾	\$ 7,190	\$ 9,035	\$ 27,833	\$ 25,759
 Total Used Home Sales Volume	 249	 326	 1,091	 1,280
Used Home Sales Gross Revenues	\$ 2,121	\$ 2,395	\$ 8,231	\$ 10,543
 Brokered Home Resales Volume	 175	 221	 852	 880
Brokered Home Resale Revenues, net	\$ 281	\$ 310	\$ 1,290	\$ 1,235

1. Sites primarily utilized by approximately 111,100 members. Includes approximately 5,900 sites rented on an annual basis.

2. Joint ventures have approximately 2,700 annual Sites, 400 seasonal Sites, 500 transient Sites and includes approximately 2,300 marina slips.

3. Total new home sales volume includes home sales from our ECHO joint venture. New home sales gross revenues does not include the revenues associated with our ECHO joint venture.

2019 Guidance - Selected Financial Data ⁽¹⁾

Our guidance acknowledges the existence of volatile economic conditions, which may impact our current guidance assumptions. Factors impacting 2019 guidance include, but are not limited to the following: (i) the mix of site usage within the portfolio; (ii) yield management on our short-term resort sites; (iii) scheduled or implemented rate increases on community and resort sites; (iv) scheduled or implemented rate increases in annual payments under right-to-use contracts; (v) occupancy changes; (vi) our ability to retain and attract customers renewing or entering right-to-use contracts; (vii) our ability to integrate and operate recent acquisitions in accordance with our estimates; (viii) completion of pending transactions in their entirety and on assumed schedule; (ix) ongoing legal matters and related fees; and (x) costs to restore property operations and potential revenue losses following storms or other unplanned events.

(In millions, except per share data, unaudited)

	Quarter Ending March 31, 2019	Year Ending December 31, 2019
Income from property operations, excluding deferrals and property management - Core ⁽²⁾	\$ 145.2	\$ 556.6
Income from property operations - Non-Core ⁽³⁾	7.1	19.9
Property management and general and administrative	(23.2)	(91.0)
Other income and expenses	3.8	14.2
Interest and related amortization	(26.4)	(105.8)
Normalized FFO and FFO available for Common Stock and OP Unit holders ⁽⁴⁾	106.5	393.9
Depreciation on real estate and other	(37.1)	(138.3)
Depreciation on rental homes	(2.4)	(9.6)
Deferral of right-to-use contract sales revenue and commission, net	(1.4)	(6.4)
Gain on sale of real estate, net	53.2	53.2
Income allocated to non-controlling interest-Common OP Units	(7.1)	(17.4)
Net income available for Common Stockholders	\$ 111.7	\$ 275.4
Net income per Common Share - Fully Diluted ⁽⁵⁾	\$1.21 - \$1.27	\$3.01 - \$3.11
FFO per Common Share and OP Unit - Fully Diluted	\$1.08 - \$1.14	\$4.07 - \$4.17
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$1.08 - \$1.14	\$4.07 - \$4.17
Weighted average Common Stock outstanding - Fully Diluted	95.6	95.7

- Each line item represents the mid-point of a range of possible outcomes and reflects management's estimate of the most likely outcome. Actual Normalized FFO available for Common Stock and OP Unit holders, Normalized FFO per Common Share and OP Unit, FFO available for Common Stock and OP Unit holders, FFO per Common Share and OP Unit, Net income available for Common Stockholders and Net income per Common Share could vary materially from amounts presented above if any of our assumptions is incorrect.
- See page 14 for 2019 Core Guidance Assumptions. Amount represents 2018 Income from property operations, excluding deferrals and property management, from the 2019 Core properties of \$138.9 million multiplied by an estimated growth rate of 4.5% and \$530.9 million multiplied by an estimated growth rate of 4.8% for the quarter ending March 31, 2019 and year ending December 31, 2019, respectively.
- See page 14 for the 2019 Assumptions regarding the Non-Core Properties.
- See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of Normalized FFO and FFO.
- Net income per fully diluted Common Share is calculated before Income allocated to non-controlling interest- Common OP Units.

2019 Core Guidance Assumptions ⁽¹⁾

(In millions, unaudited)

	Quarter Ended March 31, 2018	First Quarter 2019 Growth Factors ⁽²⁾	Year Ended December 31, 2018	2019 Growth Factors ⁽²⁾
Community base rental income	\$ 124.8	4.9 %	\$ 505.3	4.6 %
Rental home income	3.2	4.0 %	13.1	(0.6)%
Resort base rental income ⁽³⁾	63.3	4.6 %	233.4	5.0 %
Right-to-use annual payments	11.5	1.8 %	47.8	1.5 %
Right-to-use contracts current period, gross	3.2	(3.0)%	15.2	1.4 %
Utility and other income	24.0	(6.4)%	93.5	(5.7)%
Property operating revenues	230.0	3.4 %	908.3	3.3 %
Property operating, maintenance, and real estate taxes	86.9	1.7 %	358.4	1.5 %
Rental home operating and maintenance	1.4	(5.6)%	6.5	(13.7)%
Sales and marketing, gross	2.8	2.6 %	12.5	0.2 %
Property operating expenses	91.1	1.6 %	377.4	1.2 %
Income from property operations, excluding deferrals and property management	\$ 138.9	4.5 %	\$ 530.9	4.8 %
Resort base rental income:				
Annual	\$ 35.2	5.9 %	\$ 145.7	5.4 %
Seasonal	18.7	3.0 %	36.3	3.1 %
Transient	9.4	3.0 %	51.4	5.0 %
Total resort base rental income	\$ 63.3	4.6 %	\$ 233.4	5.0 %

2019 Assumptions Regarding Non-Core Properties ⁽¹⁾

(In millions, unaudited)

	Quarter Ending March 31, 2019 ⁽⁴⁾	Year Ending December 31, 2019 ⁽⁴⁾
Community base rental income	\$ 4.4	\$ 16.1
Rental home income	0.1	0.2
Resort base rental income	5.6	19.8
Utility and other income	1.3	2.7
Property operating revenues	11.4	38.8
Property operating, maintenance, and real estate taxes	4.3	18.9
Property operating expenses	4.3	18.9
Income from property operations, excluding deferrals and property management	\$ 7.1	\$ 19.9

1. See Non-GAAP Financial Measures Definitions and Other Terms at the end of the supplemental information for definitions of Core and Non-Core.
2. Management's estimate of the growth of property operations in the 2019 Core Properties compared to actual 2018 performance. Represents our estimate of the mid-point of a range of possible outcomes. Calculations prepared using actual results without rounding. Actual growth for Core properties could vary materially from amounts presented above if any of our assumptions is incorrect.
3. See Resort base rental income table included below within this table.
4. Each line item represents our estimate of the mid-point of a possible range of outcomes and reflects management's best estimate of the most likely outcome for the Non-Core properties. Actual income from property operations for Non-Core properties could vary materially from amounts presented above if any of our assumptions is incorrect.

Right-To-Use Memberships - Select Data

(Unaudited)

	Year Ended December 31,				
	2015	2016	2017	2018	2019 ⁽¹⁾
Member Count ⁽²⁾	102,413	104,728	106,456	111,094	115,000
Thousand Trails Camping Pass (TTC) Origination	25,544	29,576	31,618	37,528	38,600
<i>TTC Sales</i>	<i>11,877</i>	<i>12,856</i>	<i>14,128</i>	<i>17,194</i>	<i>17,800</i>
<i>RV Dealer TTC Activations</i>	<i>13,667</i>	<i>16,720</i>	<i>17,490</i>	<i>20,334</i>	<i>20,800</i>
Number of annuals ⁽³⁾	5,470	5,756	5,843	5,888	6,000
Number of upgrade sales ⁽⁴⁾	2,687	2,477	2,514	2,500	2,700

(In thousands, unaudited)

Right-to-use annual payments	\$ 44,441	\$ 45,036	\$ 45,798	\$ 47,778	\$ 48,500
Resort base rental income from annuals	\$ 13,821	\$ 15,413	\$ 16,841	\$ 18,363	\$ 19,600
Resort base rental income from seasonals/transients	\$ 15,795	\$ 17,344	\$ 18,231	\$ 19,840	\$ 21,200
Upgrade contract initiations ⁽⁵⁾	\$ 12,783	\$ 12,312	\$ 14,130	\$ 15,191	\$ 15,400
Utility and other income	\$ 2,430	\$ 2,442	\$ 2,254	\$ 2,410	\$ 2,300

1. Guidance estimate. Each line item represents our estimate of the mid-point of a possible range of outcomes and reflects management's best estimate of the most likely outcome. Actual figures could vary materially from amounts presented above if any of our assumptions is incorrect.
2. Members have entered into right-to-use contracts with us that entitle them to use certain properties on a continuous basis for up to 21 days.
3. Members who rent a specific site for an entire year in connection with their right-to-use contract.
4. Existing customers who have upgraded agreements are eligible for enhanced benefits, including but not limited to longer stays, can make earlier reservations, may receive discounts on rental units, and may have access to additional properties. Upgrades require a non-refundable upfront payment.
5. Revenues associated with contract upgrades, included in Right-to-use contracts current period, gross, on our Consolidated Income Statements on page 4.

Market Capitalization

(In millions, except share and OP Unit data, unaudited)

Capital Structure as of December 31, 2018

	<u>Total Common Stock/Units</u>	<u>% of Total Common Stock/Units</u>	<u>Total</u>	<u>% of Total</u>	<u>% of Total Market Capitalization</u>
Secured Debt ⁽¹⁾			\$ 2,186	91.6 %	
Unsecured Debt			200	8.4 %	
Total Debt ⁽¹⁾⁽²⁾			\$ 2,386	100.0%	20.4%
Common Stock	89,921,018	94.0%			
OP Units	5,745,966	6.0%			
Total Common Stock and OP Units	95,666,984	100.0%			
Common Stock price at December 31, 2018	\$ 97.13				
Fair Value of Common Stock and OP Units			\$ 9,292	100.0 %	
Total Equity			\$ 9,292	100.0%	79.6%
Total Market Capitalization			\$ 11,678		100.0%

1. Secured debt includes \$11.2 million presented in Liabilities related to assets held for sale on the Consolidated Balance Sheets.

2. Excludes deferred financing costs of approximately \$26.4 million.

Debt Maturity Schedule

Debt Maturity Schedule as of December 31, 2018

(In thousands, unaudited)

Year	Secured Debt	Weighted Average Interest Rate	Unsecured Debt	Weighted Average Interest Rate	Total Debt	% of Total Debt	Weighted Average Interest Rate
2019	\$ —	—%	\$ —	—%	\$ —	—%	—%
2020	116,975	6.14 %	—	—%	116,975	4.90 %	6.14 %
2021 ⁽¹⁾	183,591	5.01 %	—	—%	183,591	7.70 %	5.01 %
2022	142,434	4.58 %	—	—%	142,434	5.97 %	4.58 %
2023	105,799	5.07 %	200,000	3.05 %	305,799	12.82 %	3.75 %
2024	—	—%	—	—%	—	—%	—%
2025	103,266	3.45 %	—	—%	103,266	4.33 %	3.45 %
2026	—	—%	—	—%	—	—%	—%
2027	—	—%	—	—%	—	—%	—%
2028	226,185	4.19 %	—	—%	226,185	9.48 %	4.19 %
Thereafter	1,306,672	4.24 %	—	—%	1,306,672	54.79 %	4.24 %
Total ⁽¹⁾	\$ 2,184,922	4.43%	\$ 200,000	3.05%	\$ 2,384,922	100.0%	4.31%
Unsecured Line of Credit ⁽²⁾	—		—		—		
Note Premiums	994		—		994		
Total Debt	2,185,916		200,000		2,385,916		
Deferred Financing Costs ⁽¹⁾	(25,015)		(1,374)		(26,389)		
Total Debt, net	\$ 2,160,901		\$ 198,626		\$ 2,359,527		4.45% ⁽³⁾
Average Years to Maturity	13.8		4.4		13.0		

1. Secured debt includes \$11.2 million presented in Liabilities related to assets held for sale on the Consolidated Balance Sheets.

2. Reflects outstanding balance on the Line of Credit as of December 31, 2018.

3. Reflects effective interest rate including amortization of note premiums and deferred financing costs.

Non-GAAP Financial Measures Definitions and Other Terms

This document contains certain Non-GAAP measures used by management that we believe are helpful in understanding our business, as further discussed in the paragraphs below. We believe investors should review these Non-GAAP measures along with GAAP net income and cash flow from operating activities, investing activities and financing activities, when evaluating an equity REIT's operating performance. Our definitions and calculations of these Non-GAAP financial and operating measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. These Non-GAAP financial and operating measures do not represent cash generated from operating activities in accordance with GAAP, nor do they represent cash available to pay distributions and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of our financial performance, or to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

FUNDS FROM OPERATIONS (FFO). We define FFO as net income, computed in accordance with GAAP, excluding gains and actual or estimated losses from sales of properties, plus real estate related depreciation and amortization, impairments, if any, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We compute FFO in accordance with our interpretation of standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do. We receive up-front non-refundable payments from the entry of right-to-use contracts. In accordance with GAAP, the upfront non-refundable payments and related commissions are deferred and amortized over the estimated customer life. Although the NAREIT definition of FFO does not address the treatment of non-refundable right-to-use payments, we believe that it is appropriate to adjust for the impact of the deferral activity in our calculation of FFO.

We believe FFO, as defined by the Board of Governors of NAREIT, is generally a measure of performance for an equity REIT. While FFO is a relevant and widely used measure of operating performance for equity REITs, it does not represent cash flow from operations or net income as defined by GAAP, and it should not be considered as an alternative to these indicators in evaluating liquidity or operating performance.

NORMALIZED FUNDS FROM OPERATIONS (NORMALIZED FFO). We define Normalized FFO as FFO excluding the following non-operating income and expense items: a) gains and losses from early debt extinguishment, including prepayment penalties and defeasance costs; b) acquisition and other transaction costs related to business combinations; and c) other miscellaneous non-comparable items. Normalized FFO presented herein is not necessarily comparable to Normalized FFO presented by other real estate companies due to the fact that not all real estate companies use the same methodology for computing this amount.

FUNDS AVAILABLE FOR DISTRIBUTION (FAD). We define FAD as Normalized FFO less non-revenue producing capital expenditures.

We believe that FFO, Normalized FFO and FAD are helpful to investors as supplemental measures of the performance of an equity REIT. We believe that by excluding the effect of depreciation, amortization, impairments, if any, and actual or estimated gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and among other equity REITs. We further believe that Normalized FFO provides useful information to investors, analysts and our management because it allows them to compare our operating performance to the operating performance of other real estate companies and between periods on a consistent basis without having to account for differences not related to our operations. For example, we believe that excluding the early extinguishment of debt, property acquisition and other transaction costs related to business combinations from Normalized FFO allows investors, analysts and our management to assess the sustainability of operating performance in future periods because these costs do not affect the future operations of the properties. In some cases, we provide information about identified non-cash components of FFO and Normalized FFO because it allows investors, analysts and our management to assess the impact of those items.

INCOME FROM PROPERTY OPERATIONS, EXCLUDING DEFERRALS AND PROPERTY MANAGEMENT. We define Income from property operations, excluding deferrals and property management as rental income, utility and other income and right-to-use income less property and rental home operating and maintenance expenses, real estate tax, sales and marketing expenses, excluding property management and the GAAP deferral of right-to-use contract upfront payments and related commissions, net. We believe that this Non-GAAP financial measure is helpful to investors and analysts as a measure of the operating results of our manufactured home and RV communities.

The following table reconciles Net income available for Common Stockholders to Income from property operations (amounts in thousands):

	Quarters Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Net income available for Common Stockholders	\$ 50,166	\$ 44,993	\$ 212,596	\$ 189,904
Redeemable perpetual preferred stock dividends and original issuance costs	8	18	16	7,685
Income allocated to non-controlling interests - Common OP Units	3,206	2,963	13,774	12,788
Equity in income of unconsolidated joint ventures	(1,343)	(889)	(4,939)	(3,765)
Income before equity in income of unconsolidated joint ventures	52,037	47,085	221,447	206,612
Right-to-use upfront payments, deferred, net	1,191	342	7,380	4,108
Gross revenues from home sales	(9,311)	(11,430)	(36,064)	(36,302)
Brokered resale and ancillary services revenues, net	(204)	290	(3,584)	(3,798)
Interest income	(1,867)	(2,038)	(7,525)	(7,580)
Income from other investments, net	(1,068)	(1,877)	(10,842)	(5,795)
Right-to-use contract commissions, deferred, net	(69)	18	(813)	(354)
Property management	12,994	12,509	53,736	51,252
Depreciation on real estate and rental homes	33,392	30,606	130,022	121,455
Amortization of in-place leases	2,118	103	7,187	2,231
Cost of homes sales	9,527	11,122	37,475	36,513
Home selling expenses	946	885	4,095	4,186
General and administrative	11,161	8,398	37,684	31,737
Other expenses	387	334	1,483	1,148
Early debt retirement	1,071	2,785	1,071	2,785
Interest and related amortization	26,515	25,842	104,993	100,570
Income from property operations, excluding deferrals and property management	138,820	124,974	547,745	508,768
Right-to-use contracts, upfront payments and commissions, deferred, net	(1,122)	(360)	(6,567)	(3,754)
Property management	(12,994)	(12,509)	(53,736)	(51,252)
Income from property operations	<u>\$ 124,704</u>	<u>\$ 112,105</u>	<u>\$ 487,442</u>	<u>\$ 453,762</u>

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA) AND ADJUSTED EBITDA. EBITDA is defined as net income or loss before interest income and expense, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA excluding the following non-operating income and expense items: a) gains and losses from early debt extinguishment, including prepayment penalties and defeasance costs; b) property acquisition and other transaction costs related to business combinations; c) GAAP deferral of right-to-use contract upfront payments and related commissions, net; d) depreciation on unconsolidated joint ventures; e) impairments, if any; and f) other miscellaneous non-comparable items. EBITDA and Adjusted EBITDA provide us with an understanding of one aspect of earnings before the impact of investing and financing charges. We believe that EBITDA and Adjusted EBITDA may be useful to an investor in evaluating our operating performance and liquidity because the measures are widely used to measure a company's operating performance and they are used by rating agencies and other parties, including lenders, to evaluate our creditworthiness.

The following table reconciles Consolidated net income to EBITDA and Adjusted EBITDA (amounts in thousands):

	Quarters Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
Consolidated net income	\$ 53,380	\$ 47,974	\$ 226,386	\$ 210,377
Interest income	(1,867)	(2,038)	(7,525)	(7,580)
Depreciation on real estate assets and rental homes	33,392	30,606	130,022	121,455
Amortization of in-place leases	2,118	103	7,187	2,231
Depreciation on corporate assets	387	334	1,483	1,263
Depreciation on unconsolidated joint ventures	426	362	1,816	1,533
Interest and related amortization	26,515	25,842	104,993	100,570
EBITDA	114,351	103,183	464,362	429,849
Right-to-use contract upfront payments, deferred, net	1,191	342	7,380	4,108
Right-to-use contract commissions, deferred, net	(69)	18	(813)	(354)
Insurance proceeds due to catastrophic weather event and other, net	800	—	(5,125)	757
Early debt retirement	1,071	2,785	1,071	2,785
Transaction costs	—	400	—	724
Adjusted EBITDA	\$ 117,344	\$ 106,728	\$ 466,875	\$ 437,869

CORE. The Core properties include properties we owned and operated during all of 2017 and 2018. We believe Core is a measure that is useful to investors for annual comparison as it removes the fluctuations associated with acquisitions, dispositions and significant transactions or unique situations.

NON-CORE. The Non-Core properties include all properties that were not owned and operated during all of 2017 and 2018. This includes, but is not limited to, eight properties acquired during 2018, three properties acquired during 2017 and Fiesta Key and Sunshine Key RV Resorts.

INCOME FROM RENTAL OPERATIONS, NET OF DEPRECIATION. We use Income from rental operations, net of depreciation as an alternative measure to evaluate the operating results of our home rental program. Income from rental operations, net of depreciation, represents income from rental operations less depreciation expense on rental homes. We believe this measure is meaningful for investors as it provides a complete picture of the home rental program operating results including the impact of depreciation which affects our home rental program investment decisions.

NON-REVENUE PRODUCING IMPROVEMENTS. Represents capital expenditures that will not directly result in increased revenue or expense savings and are primarily comprised of common area improvements, furniture, and mechanical improvements.

FIXED CHARGES. Fixed charges consist of interest expense, amortization of note premiums and debt issuance costs.