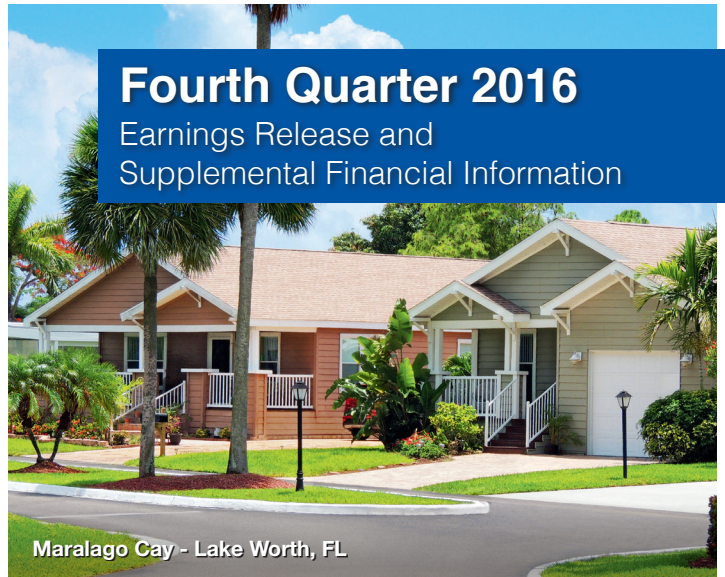


Fourth Quarter 2016

Earnings Release and
Supplemental Financial Information



Colony Cove - Ellenton, FL



Maralago Cay - Lake Worth, FL



Araby Acres RV Resort - Yuma, AZ



Orlando RV Resort - Clermont, FL



Down Yonder - Largo, FL

els Equity LifeStyle Properties

Table of Contents

Earnings Press Release	i-iii
Investor Information	1
Financial Information	
Financial Highlights	2
Balance Sheet	3
Consolidated Income Statement	4
Non-GAAP Financial Measures	5
Fourth Quarter 2016 – Selected Non-GAAP Financial Measures	6
Reconciliation of Net Income to Non-GAAP Financial Measures	7
Consolidated Income from Property Operations	8
2016 Core Income from Property Operations	9
Acquisitions – Income from Property Operations	10
Income from Rental Home Operations	11
Total Sites and Home Sales	12
2017 Guidance	
2017 Guidance – Selected Financial Data	13
2017 Core Guidance Assumptions – Income from Property Operations	14
Right-to-Use Memberships – Select Data	15
Market Capitalization	16
Debt Maturity Schedule	17
Non-GAAP Financial Measures Definitions and Other Terms	18-20



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FOR IMMEDIATE RELEASE
January 23, 2017

ELS REPORTS FOURTH QUARTER RESULTS **Continued Strong Performance; 2017 Guidance Update**

CHICAGO, IL – January 23, 2017 – Equity LifeStyle Properties, Inc. (NYSE: ELS) (referred to herein as “we,” “us,” and “our”) today announced results for the fourth quarter and year ended December 31, 2016. All per share results are reported on a fully diluted basis unless otherwise noted.

Financial Results for the Quarter and Year Ended December 31, 2016

For the quarter ended December 31, 2016, total revenues increased \$12.4 million, or 6.2 percent, to \$214.0 million compared to \$201.6 million for the same period in 2015. Net income available for Common Stockholders increased \$2.5 million, or \$0.02 per Common Share, to \$37.0 million, or \$0.43 per Common Share, compared to \$34.5 million, or \$0.41 per Common Share, for the same period in 2015.

For the year ended December 31, 2016, total revenues increased \$48.7 million, or 5.9 percent, to \$870.4 million compared to \$821.7 million for the same period in 2015. Net income available for Common Stockholders for the year ended December 31, 2016 increased \$33.9 million, or \$0.38 per Common Share, to \$164.0 million, or \$1.92 per Common Share, compared to \$130.1 million, or \$1.54 per Common Share, for the same period in 2015.

Non-GAAP Financial Measures and Portfolio Performance

For the quarter ended December 31, 2016, Funds from Operations (“FFO”) available for Common Stock and OP Unit holders increased \$5.4 million, or \$0.05 per Common Share, to \$72.5 million or \$0.78 per Common Share, compared to \$67.1 million, or \$0.73 per Common Share, for the same period in 2015. For the year ended December 31, 2016, FFO available for Common Stock and OP Unit holders increased \$41.8 million, or \$0.43 per Common Share, to \$302.8 million or \$3.27 per Common Share, compared to \$261.0 million, or \$2.84 per Common Share, for the same period in 2015.

For the quarter ended December 31, 2016 Normalized Funds from Operations (“Normalized FFO”) available for Common Stock and OP Unit holders increased \$7.6 million, or \$0.07 per Common Share, to \$75.2 million, or \$0.81 per Common Share, compared to \$67.6 million, or \$0.74 per Common Share, for the same period in 2015. For the year ended December 31, 2016, Normalized FFO available for Common Stock and OP Unit holders increased \$27.4 million, or \$0.27 per Common Share, to \$306.5 million, or \$3.31 per Common Share, compared to \$279.1 million, or \$3.04 per Common Share, for the same period in 2015.

For the quarter ended December 31, 2016, property operating revenues, excluding deferrals, increased \$13.9 million to \$202.9 million compared to \$189.0 million for the same period in 2015. For the year ended December 31, 2016, property operating revenues, excluding deferrals, increased \$44.9 million to \$819.1 million compared to \$774.2 million for the same period in 2015. For the quarter ended December 31, 2016, income from property operations, excluding deferrals and property management, increased \$8.2 million to \$119.7 million compared to \$111.5 million for the same period in 2015. For the year ended December 31, 2016, income from property operations, excluding deferrals and property management, increased \$30.2 million to \$479.9 million compared to \$449.7 million for the same period in 2015.

For the quarter ended December 31, 2016, Core property operating revenues, excluding deferrals, increased approximately 5.2 percent and Core income from property operations, excluding deferrals and property management, increased approximately 5.6 percent compared to the same period in 2015. For the year ended December 31, 2016, Core property operating revenues, excluding deferrals, increased approximately 4.6 percent and Core income from property operations, excluding deferrals and property management, increased approximately 5.7 percent compared to the same period in 2015.

Balance Sheet Activity

During the quarter we completed the following activities:

- Financed two loans of approximately \$33.6 million, at a weighted average interest rate of 3.94 percent per annum, for a weighted average term of 20 years, secured by one manufactured home community and one RV resort.
- Paid off a maturing loan of approximately \$4.7 million with an interest rate of 5.98 percent per annum, secured by one RV resort.

Other Activity

As announced in our press release dated January 18, 2017, we have entered into agreements pursuant to which we have agreed to settle three pending California lawsuits related to our California Hawaiian property in San Jose, our Monte del Lago property in Castroville and our Santiago Estates property in Sylmar. We expect our aggregate net contribution to the settlements to be approximately \$2.4 million. As a result of the settlements, net income available for Common Stockholders for the quarter and year ended December 31, 2016 was negatively impacted by approximately \$0.03 per Common Share.

About Equity LifeStyle Properties

We are a self-administered, self-managed real estate investment trust ("REIT") with headquarters in Chicago. As of January 23, 2017, we own or have an interest in 391 quality properties in 32 states and British Columbia consisting of 146,610 sites.

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 24, 2017, 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 2017	Monday, April 17, 2017	Tuesday, April 18, 2017 10:00 a.m. CT
Second Quarter 2017	Monday, July 17, 2017	Tuesday, July 18, 2017 10:00 a.m. CT
Third Quarter 2017	Monday, October 16, 2017	Tuesday, October 17, 2017 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, real estate market conditions, the actual rate of decline in 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 2017 estimated net income, FFO and Normalized FFO;
- our ability to manage counterparty risk;
- 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 dilutive effects of issuing additional securities;
- the effect of accounting for the entry of contracts with customers representing a right-to-use the properties under the Codification Topic *"Revenue Recognition"*;
- 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.

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

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1. Any opinions, estimates or forecasts regarding our performance made by these analysts or agencies do not represent our opinions, forecasts or predictions. 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 Stock and OP Units outstanding and per share data, unaudited)

As of and for the Three Months Ended

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Operating Information					
Total revenues	\$ 214.0	\$ 226.2	\$ 210.1	\$ 220.1	\$ 201.6
Net income	\$ 42.4	\$ 46.8	\$ 40.8	\$ 57.2	\$ 39.8
Net income available for Common Stockholders	\$ 37.0	\$ 41.0	\$ 35.5	\$ 50.6	\$ 34.5
Adjusted EBITDA ⁽¹⁾	\$ 101.4	\$ 103.4	\$ 95.9	\$ 111.3	\$ 94.6
FFO available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 72.5	\$ 76.9	\$ 68.9	\$ 84.6	\$ 67.1
Normalized FFO available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 75.2	\$ 77.2	\$ 69.3	\$ 84.8	\$ 67.6
Funds available for distribution (FAD) available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 65.8	\$ 67.2	\$ 58.4	\$ 77.4	\$ 57.0
Stock Outstanding (In thousands) and Per Share Data					
Common Stock and OP Units, end of the period	92,699	92,507	92,499	91,802	91,461
Weighted average Common Stock and OP Unit outstanding - fully diluted	92,965	92,910	92,264	92,041	91,875
Net income per Common Share - fully diluted	\$ 0.43	\$ 0.48	\$ 0.42	\$ 0.60	\$ 0.41
FFO per Common Share - fully diluted	\$ 0.78	\$ 0.83	\$ 0.75	\$ 0.92	\$ 0.73
Normalized FFO per Common Share - fully diluted	\$ 0.81	\$ 0.83	\$ 0.75	\$ 0.92	\$ 0.74
Dividends per Common Share	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.375
Balance Sheet					
Total assets ⁽³⁾	\$ 3,479	\$ 3,470	\$ 3,486	\$ 3,415	\$ 3,400
Total liabilities ⁽³⁾	\$ 2,397	\$ 2,396	\$ 2,420	\$ 2,400	\$ 2,408
Market Capitalization					
Total debt	\$ 2,110	\$ 2,111	\$ 2,134	\$ 2,125	\$ 2,146
Total market capitalization ⁽⁴⁾	\$ 8,930	\$ 9,387	\$ 9,675	\$ 8,938	\$ 8,380
Ratios					
Total debt / total market capitalization	23.6%	22.5%	22.1%	23.8%	25.6%
Total debt + preferred stock / total market capitalization	25.2%	23.9%	23.5%	25.3%	27.2%
Total debt / Adjusted EBITDA ⁽⁵⁾	5.1	5.2	5.3	5.4	5.5
Interest coverage ⁽⁶⁾	4.1	4.1	4.0	4.0	3.8
Fixed charges + preferred distributions coverage ⁽⁷⁾	3.7	3.6	3.5	3.5	3.4

- See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definitions of Adjusted EBITDA, FFO, Normalized FFO and FAD; and reconciliation of Adjusted EBITDA.
- 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.
- As of December 31, 2015, deferred financing costs of approximately \$19.7 million were reclassified from deferred financing costs, net to mortgages notes payable and term loan due to the adoption of ASU 2015-03: *Simplifying the Presentation of Debt Issuance Costs*.
- See page 16 for market capitalization calculation as of December 31, 2016.
- Represents trailing twelve months Adjusted EBITDA. We believe trailing twelve months Adjusted EBITDA provides additional information for determining our ability to meet future debt service requirements.
- Interest coverage is calculated by dividing trailing twelve months Adjusted EBITDA by the interest expense incurred during the same period.
- See Non-GAAP Financial Measure 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.

Balance Sheet

(In thousands, except share and per share data)

	December 31, 2016 (unaudited)	December 31, 2015
Assets		
Investment in real estate:		
Land	\$ 1,163,987	\$ 1,101,676
Land improvements	2,893,759	2,787,882
Buildings and other depreciable property	627,590	588,041
	4,685,336	4,477,599
Accumulated depreciation	(1,399,531)	(1,282,423)
Net investment in real estate	3,285,805	3,195,176
Cash	56,340	80,258
Notes receivable, net	34,520	35,463
Investment in unconsolidated joint ventures	19,369	17,741
Deferred commission expense	31,375	30,865
Escrow deposits, goodwill, and other assets, net ⁽¹⁾⁽²⁾	51,578	40,897
Total Assets	\$ 3,478,987	\$ 3,400,400
Liabilities and Equity		
Liabilities:		
Mortgage notes payable ⁽¹⁾	\$ 1,891,900	\$ 1,926,880
Term loan ⁽¹⁾	199,379	199,172
Unsecured lines of credit	—	—
Accrued expenses and accounts payable ⁽²⁾	89,864	76,044
Deferred revenue – upfront payments from right-to-use contracts	81,484	78,405
Deferred revenue – right-to-use annual payments	9,817	9,878
Accrued interest payable	8,379	8,715
Rents and other customer payments received in advance and security deposits	76,906	74,300
Distributions payable	39,411	34,315
Total Liabilities	2,397,140	2,407,709
Equity:		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 9,945,539 shares authorized as of December 31, 2016 and December 31, 2015; none issued and outstanding	—	—
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 December 31, 2016 and December 31, 2015 at liquidation value	136,144	136,144
Common stock, \$0.01 par value, 200,000,000 shares authorized as of December 31, 2016 and December 31, 2015; 85,529,386 and 84,253,065 shares issued and outstanding as of December 31, 2016 and December 31, 2015, respectively	854	843
Paid-in capital	1,103,048	1,039,140
Distributions in excess of accumulated earnings	(231,276)	(250,506)
Accumulated other comprehensive loss	(227)	(553)
Total Stockholders' Equity	1,008,543	925,068
Non-controlling interests – Common OP Units	73,304	67,623
Total Equity	1,081,847	992,691
Total Liabilities and Equity	\$ 3,478,987	\$ 3,400,400

- As of December 31, 2015, deferred financing costs of approximately \$3.7 million, \$18.9 million and \$0.8 million were reclassified from Deferred financing costs, net to Escrow deposits, goodwill, and other assets, net, to Mortgage notes payable, and to Term loan line items, respectively, due to the adoption of ASU 2015-03: *Simplifying the Presentation of Debt Issuance Costs*.
- As of December 31, 2016, Escrow deposits, goodwill, and other assets, net includes insurance receivable of approximately \$10.9 million, and Accrued expenses and accounts payable includes approximately \$13.3 million litigation settlement payable related to resolution of the California lawsuits.

Consolidated Income Statement

(In thousands, unaudited)

	Quarters Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Revenues:				
Community base rental income	\$ 118,120	\$ 111,795	\$ 464,745	\$ 442,046
Rental home income	3,535	3,486	14,107	14,012
Resort base rental income	46,881	41,923	201,533	184,760
Right-to-use annual payments	11,445	11,183	45,035	44,443
Right-to-use contracts current period, gross	3,037	2,519	12,327	12,783
Right-to-use contract upfront payments, deferred, net	(652)	(302)	(3,079)	(4,231)
Utility and other income	19,937	18,143	81,427	76,153
Gross revenues from home sales	8,952	8,809	37,191	33,150
Brokered resale revenue and ancillary services revenues, net	258	104	2,994	4,149
Interest income	1,793	1,716	6,845	7,030
Income from other investments, net	736	2,240	7,310	7,359
Total revenues	214,042	201,616	870,435	821,654
Expenses:				
Property operating and maintenance	65,238	60,146	268,249	254,668
Rental home operating and maintenance	2,009	1,935	6,883	7,167
Real estate taxes	13,502	12,793	53,036	50,962
Sales and marketing, gross	2,532	2,612	11,056	11,751
Right-to-use contract commissions, deferred, net	(11)	(85)	(223)	(1,556)
Property management	11,413	10,778	47,083	44,528
Depreciation on real estate assets and rental homes	30,198	28,748	117,400	113,609
Amortization of in-place leases	1,234	408	3,373	2,358
Cost of home sales	8,949	8,594	37,456	32,279
Home selling expenses	1,027	805	3,575	3,191
General and administrative	7,688	8,472	31,004	30,644
Property rights initiatives and other, net ⁽¹⁾	2,950	1,052	4,986	2,986
Early debt retirement	—	(9)	—	16,913
Interest and related amortization	25,395	26,083	102,030	105,731
Total expenses	172,124	162,332	685,908	675,231
Income before equity in income of unconsolidated joint ventures	41,918	39,284	184,527	146,423
Equity in income of unconsolidated joint ventures	463	483	2,605	4,089
Consolidated net income	42,381	39,767	187,132	150,512
Income allocated to non-controlling interest-Common OP Units	(3,099)	(2,950)	(13,869)	(11,141)
Series C Redeemable Perpetual Preferred Stock Dividends	(2,316)	(2,316)	(9,226)	(9,226)
Net income available for Common Stockholders	\$ 36,966	\$ 34,501	\$ 164,037	\$ 130,145

1. Property rights initiatives and other includes net expense of \$2.4 million for the quarter and year ended December 31, 2016, related to resolution of the California lawsuits.

Non-GAAP Financial Measures

Fourth Quarter 2016 - Selected Non-GAAP Financial Measures

(In millions, except per share data, unaudited)

	Quarter Ended December 31, 2016
Income from property operations, excluding deferrals and property management - 2016 Core ⁽¹⁾	\$ 117.4
Income from property operations, excluding deferrals and property management - Acquisitions ⁽²⁾	2.3
Property management and general and administrative (excluding transaction costs)	(18.8)
Other income and expenses (excluding litigation settlement, net)	2.0
Financing costs and other	(27.7)
Normalized FFO available for Common Stock and OP Unit holders ⁽³⁾	75.2
Transaction costs ⁽⁴⁾	(0.3)
Litigation settlement, net ⁽⁵⁾	(2.4)
FFO available for Common Stock and OP Unit holders ⁽³⁾	\$ 72.5
Normalized FFO per Common Share - fully diluted	\$ 0.81
FFO per Common Share - fully diluted	\$ 0.78
Normalized FFO available for Common Stock and OP Unit holders ⁽³⁾	\$ 75.2
Non-revenue producing improvements to real estate	(9.4)
FAD available for Common Stock and OP Unit holders ⁽³⁾	\$ 65.8
Weighted average Common Stock and OP Units - fully diluted	93.0

1. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definitions of non-GAAP financial measures Income from property operations, excluding deferrals and property management, and Core, and reconciliation of income from property operations, excluding deferrals and property management to income before equity in income of unconsolidated joint ventures. See page 9 for details of the 2016 Core Income from Property Operations, excluding deferrals and property management.
2. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definition of Acquisition properties. See page 10 for details of the Income from Property Operations, excluding deferrals and property management for the Acquisitions.
3. 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. See definitions of non-GAAP financial measures of FFO, Normalized FFO and FAD and Non-revenue producing improvements in Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information.
4. Included in general and administrative on the Consolidated Income Statement on page 4.
5. Included in property rights initiatives and other on the Consolidated Income Statement on page 4.

Reconciliation of Net Income to Non-GAAP Financial Measures

(In thousands, except per share data, unaudited)

	Quarters Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Net income available for Common Stockholders	\$ 36,966	\$ 34,501	\$ 164,037	\$ 130,145
Income allocated to Common OP Units	3,099	2,950	13,869	11,141
Right-to-use contract upfront payments, deferred, net ⁽¹⁾	652	302	3,079	4,231
Right-to-use contract commissions, deferred, net ⁽²⁾	(11)	(85)	(223)	(1,556)
Depreciation on real estate assets	27,519	26,123	106,736	102,934
Depreciation on rental homes	2,679	2,625	10,664	10,675
Amortization of in-place leases	1,234	408	3,373	2,358
Depreciation on unconsolidated joint ventures	324	282	1,292	1,081
FFO available for Common Stock and OP Unit holders ⁽³⁾	72,462	67,106	302,827	261,009
Transaction costs ⁽⁴⁾	292	527	1,217	1,130
Early debt retirement	—	(9)	—	16,913
Litigation settlement, net ⁽⁵⁾	2,415	—	2,415	—
Normalized FFO available for Common Stock and OP Unit holders ⁽³⁾	75,169	67,624	306,459	279,052
Non-revenue producing improvements to real estate	(9,419)	(10,584)	(37,765)	(36,780)
FAD available for Common Stock and OP Unit holders ⁽³⁾	\$ 65,750	\$ 57,040	\$ 268,694	\$ 242,272
Net income available per Common Share - Basic	\$ 0.43	\$ 0.41	\$ 1.93	\$ 1.55
Net income available per Common Share - Fully Diluted	\$ 0.43	\$ 0.41	\$ 1.92	\$ 1.54
FFO per Common Share & OP Units-Basic	\$ 0.78	\$ 0.74	\$ 3.29	\$ 2.86
FFO per Common Share & OP Units-Fully Diluted	\$ 0.78	\$ 0.73	\$ 3.27	\$ 2.84
Normalized FFO per Common Share & OP Units-Basic	\$ 0.81	\$ 0.74	\$ 3.33	\$ 3.06
Normalized FFO per Common Share & OP Units-Fully Diluted	\$ 0.81	\$ 0.74	\$ 3.31	\$ 3.04
Average Common Stock - Basic	85,163	84,072	84,778	84,031
Average Common Stock and OP Units - Basic	92,361	91,280	91,982	91,247
Average Common Stock and OP Units - Fully Diluted	92,965	91,875	92,569	91,907

1. We are required by GAAP to defer, over the estimated customer life, recognition of non-refundable upfront payments from sales of new and upgrade right-to-use contracts. For 2016, the customer life is estimated to be 40 years and is based upon our experience operating the membership platform since 2008. The amount shown represents the deferral of a substantial portion of current period upgrade sales, offset by amortization of prior period sales.
2. We are required by GAAP to defer recognition of commissions paid related to the entry of right-to-use contracts. The deferred commissions will be 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.
3. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for non-GAAP financial measure definitions of FFO, Normalized FFO and FAD and for the definition of Non-revenue producing improvements.
4. Included in general and administrative on the Consolidated Income Statement on page 4.
5. Included in property rights initiatives and other on the Consolidated Income Statement on page 4.

Consolidated Income from Property Operations ⁽¹⁾

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

	Quarters Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Community base rental income ⁽²⁾	\$ 118.1	\$ 111.8	\$ 464.7	\$ 442.0
Rental home income	3.5	3.5	14.1	14.0
Resort base rental income ⁽³⁾	46.9	41.9	201.5	184.8
Right-to-use annual payments	11.4	11.2	45.0	44.4
Right-to-use contracts current period, gross	3.0	2.5	12.3	12.8
Utility and other income	20.0	18.1	81.5	76.2
Property operating revenues	202.9	189.0	819.1	774.2
Property operating, maintenance and real estate taxes	78.7	73.0	321.2	305.5
Rental home operating and maintenance	2.0	1.9	6.9	7.2
Sales and marketing, gross	2.5	2.6	11.1	11.8
Property operating expenses	83.2	77.5	339.2	324.5
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 119.7	\$ 111.5	\$ 479.9	\$ 449.7
Manufactured home site figures and occupancy averages:				
Total sites	70,992	70,115	70,629	70,113
Occupied sites	66,482	65,032	65,893	64,832
Occupancy %	93.6%	92.8%	93.3%	92.5%
Monthly base rent per site	\$ 592	\$ 573	\$ 588	\$ 568
Resort base rental income:				
Annual	\$ 32.7	\$ 29.8	\$ 124.3	115.3
Seasonal	6.9	6.4	31.5	29.0
Transient	7.3	5.7	45.7	40.5
Total resort base rental income	\$ 46.9	\$ 41.9	\$ 201.5	\$ 184.8

1. See page 4 for the Consolidated Income Statement and see Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for non-GAAP measure definitions and reconciliation of Income from property operations, excluding deferrals and property management.
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.

2016 Core Income from Property Operations ⁽¹⁾

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

	Quarters Ended			Years Ended		
	December 31,		%	December 31,		%
	2016	2015	Change ⁽²⁾	2016	2015	Change ⁽²⁾
Community base rental income ⁽³⁾	\$ 116.9	\$ 111.7	4.7 %	\$ 461.9	\$ 441.6	4.6 %
Rental home income	3.5	3.5	1.4 %	14.1	14.0	0.7 %
Resort base rental income ⁽⁴⁾	43.5	41.3	5.2 %	194.2	183.4	5.9 %
Right-to-use annual payments	11.4	11.2	2.3 %	45.0	44.4	1.3 %
Right-to-use contracts current period, gross	3.0	2.5	20.6 %	12.3	12.8	(3.6)%
Utility and other income	19.6	18.0	8.2 %	80.5	76.0	6.0 %
Property operating revenues	197.9	188.2	5.2 %	808.0	772.2	4.6 %
Property operating, maintenance and real estate taxes	76.0	72.5	4.8 %	315.6	304.5	3.7 %
Rental home operating and maintenance	2.0	1.9	3.9 %	6.9	7.2	(4.0)%
Sales and marketing, gross	2.5	2.6	(3.0)%	11.1	11.8	(5.9)%
Property operating expenses	80.5	77.0	4.5 %	333.6	323.5	3.2 %
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 117.4	\$ 111.2	5.6 %	\$ 474.4	\$ 448.7	5.7 %
Occupied sites ⁽⁵⁾	65,611	65,014				
Core manufactured home site figures and occupancy averages:						
Total sites	69,823	69,837		69,831	69,847	
Occupied sites	65,482	64,903		65,257	64,709	
Occupancy %	93.8%	92.9%		93.5%	92.6%	
Monthly base rent per site	\$ 595	\$ 574		\$ 590	\$ 569	
Resort base rental income:						
Annual	\$ 31.2	\$ 29.4	5.7 %	\$ 121.1	\$ 114.6	5.7 %
Seasonal	6.2	6.3	(1.6)%	29.6	28.7	3.1 %
Transient	6.1	5.6	10.0 %	43.5	40.1	8.5 %
Total resort base rental income	\$ 43.5	\$ 41.3	5.2 %	\$ 194.2	\$ 183.4	5.9 %

1. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definitions of non-GAAP measures Income from property operations, excluding deferrals and property management, and Core.
2. Calculations prepared using actual results without rounding.
3. See the Core manufactured home site figures and occupancy averages included below within this table.
4. See resort base rental income detail included below within this table.
5. Occupied sites as of the end of the period shown. Occupied sites have increased by 597 from 65,014 at December 31, 2015.

Acquisitions - Income from Property Operations ⁽¹⁾⁽²⁾

(In millions, unaudited)

	Quarter Ended December 31, 2016	Year Ended December 31, 2016
Community base rental income	\$ 1.2	\$ 2.8
Resort base rental income	3.4	7.3
Utility income and other property income	0.4	1.0
Property operating revenues	5.0	11.1
Property operating expenses	2.7	5.6
Income from property operations, excluding deferrals and property management	<u>\$ 2.3</u>	<u>\$ 5.5</u>

1. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definition of Acquisitions.

2. Includes Tropical Palms RV. During the quarter we resumed operations of Tropical Palms RV Resort in Kissimmee, Florida following termination of the ground lease.

Income from Rental Home Operations

(In millions, except occupied rentals, unaudited)

	Quarters Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Manufactured homes:				
New home	\$ 6.4	\$ 5.9	\$ 25.2	\$ 22.8
Used home	5.9	6.6	24.6	27.8
Rental operations revenues ⁽¹⁾	12.3	12.5	49.8	50.6
Rental operations expense	2.0	1.9	6.9	7.2
Income from rental operations, before depreciation	10.3	10.6	42.9	43.4
Depreciation on rental homes	2.7	2.6	10.7	10.7
Income from rental operations, after depreciation	\$ 7.6	\$ 8.0	\$ 32.2	\$ 32.7
Occupied rentals: ⁽²⁾				
New	2,375	2,170		
Used	2,375	2,797		
Total occupied rental sites	4,750	4,967		

	As of			
	December 31, 2016		December 31, 2015	
	Gross	Net of Depreciation	Gross	Net of Depreciation
Cost basis in rental homes: ⁽³⁾				
New	\$ 126.5	\$ 99.3	\$ 111.8	\$ 89.7
Used	51.5	24.4	57.4	36.1
Total rental homes	\$ 178.0	\$ 123.7	\$ 169.2	\$ 125.8

- For the quarters ended December 31, 2016 and 2015, approximately \$8.8 million and \$9.0 million, respectively, of the rental operations revenue are included in the Community base rental income in the Consolidated Income from Property Operations table on page 8. For the years ended December 31, 2016 and 2015, approximately \$35.7 million and \$36.6 million, respectively, of the rental operations revenue are included in the 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 the Rental home income in the Consolidated Income from Property Operations table on page 8.
- Occupied rentals as of the end of the period shown in our Core portfolio. Included in the quarters ended December 31, 2016 and 2015 are 183 and 100 homes rented through our ECHO joint venture, respectively. For the years ended December 31, 2016 and 2015, the rental home investment associated with our ECHO joint venture totals approximately \$7.1 million and \$3.4 million, respectively.
- Includes both occupied and unoccupied rental homes. New home cost basis does not include the costs associated with our ECHO joint venture. As of December 31, 2016 and 2015, our investment in the ECHO joint venture was approximately \$15.4 million and \$10.4 million, respectively.

Total Sites and Home Sales

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

Summary of Total Sites as of December 31, 2016

	Sites
Community sites	71,000
Resort sites:	
Annuals	26,600
Seasonal	11,200
Transient	10,500
Membership ⁽¹⁾	24,100
Joint Ventures ⁽²⁾	3,200
Total	146,600

Home Sales - Select Data

	Quarters Ended		Years Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Total New Home Sales Volume ⁽³⁾	150	127	658	479
<i>New Home Sales Volume - ECHO joint venture</i>	46	38	208	178
New Home Sales Gross Revenues ⁽³⁾	\$ 6,574	\$ 5,488	\$ 26,074	\$ 17,674
 Total Used Home Sales Volume ⁽³⁾	 278	 315	 1,266	 1,489
New Used Sales Gross Revenues ⁽³⁾	\$ 2,378	\$ 3,321	\$ 11,117	\$ 15,476
 Brokered Home Resales Volume	 207	 216	 792	 884
Brokered Home Resale Revenues, net	\$ 314	\$ 328	\$ 1,198	\$ 1,269

1. Sites primarily utilized by approximately 104,700 members. Includes approximately 5,700 sites rented on an annual basis.
2. Joint venture income is included in the Equity in income from unconsolidated joint ventures in the Consolidated Income Statement on page 4.
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. There was one used home sale from our ECHO joint venture for the year ended December 31, 2016.

2017 Guidance - Selected Financial Data ⁽¹⁾

Our guidance acknowledges the existence of volatile economic conditions, which may impact our current guidance assumptions. Factors impacting 2017 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 following storms or other unplanned events.

(In millions, except per share data, unaudited)

	Quarter Ended March 31, 2017	Year Ended December 31, 2017
Income from property operations, excluding deferrals and property management - 2017 Core ⁽²⁾	\$ 130.5	\$ 496.7
Income from property operations - Acquisitions ⁽³⁾	3.4	8.1
Property management and general and administrative	(19.8)	(80.5)
Other income and expenses	3.9	13.1
Financing costs and other	(27.3)	(109.3)
Normalized FFO and FFO available for Common Stock and OP Unit holders ⁽⁴⁾	90.7	328.1
Depreciation on real estate and other	(29.0)	(113.7)
Depreciation on rental homes	(2.7)	(10.7)
Deferral of right-to-use contract sales revenue and commission, net	(0.6)	(2.9)
Income allocated to non-controlling interest-Common OP Units	(4.5)	(15.5)
Net income available for Common Stockholders	\$ 53.9	\$ 185.3
Net income per Common Share - fully diluted ⁽⁵⁾	\$0.60 - \$0.66	\$2.11 - \$2.21
FFO per Common Share - fully diluted	\$0.95 - \$1.01	\$3.48 - \$3.58
Normalized FFO per Common Share - fully diluted	\$0.95 - \$1.01	\$3.48 - \$3.58
Weighted average Common Stock outstanding - fully diluted	93.0	93.1

1. 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, FFO available for Common Stock and OP Unit holders, FFO per Common Share, 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.
2. See page 14 for 2017 Core Guidance Assumptions. Amount represents 2016 income from property operations, excluding deferrals and property management, from the 2017 Core properties of \$127.2 million multiplied by an estimated growth rate of 2.6% and \$476.1 million multiplied by an estimated growth rate of 4.3% for the quarter ended March 31, 2017 and the year ended December 31, 2017, respectively.
3. See page 14 for the 2017 Assumptions regarding the Acquisition properties.
4. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definitions of Normalized FFO and FFO.
5. Net income per fully diluted Common Share is calculated before Income allocated to non-controlling interest-Common OP Units.

2017 Core Guidance Assumptions ⁽¹⁾

(In millions, unaudited)

	Quarter Ended March 31, 2016	First Quarter 2017 Growth Factors ⁽²⁾	Year Ended December 31, 2016	2017 Growth Factors ⁽²⁾
Community base rental income	\$ 114.1	4.3 %	\$ 462.3	4.0 %
Rental home income	3.5	(1.7)%	14.1	(4.7)%
Resort base rental income ⁽³⁾	55.2	2.8 %	196.8	4.4 %
Right-to-use annual payments	11.1	0.2 %	45.0	0.2 %
Right-to-use contracts current period, gross	2.5	5.3 %	12.3	0.1 %
Utility and other income	20.8	(1.2)%	80.9	(2.8)%
Property operating revenues	207.2	3.1 %	811.4	3.0 %
Property operating, maintenance, and real estate taxes	76.0	4.0 %	317.3	1.2 %
Rental home operating and maintenance	1.5	6.7 %	6.9	(5.6)%
Sales and marketing, gross	2.5	(3.8)%	11.1	1.2 %
Property operating expenses	80.0	3.8 %	335.3	1.1 %
Income from property operations, excluding deferrals and property management	\$ 127.2	2.6 %	\$ 476.1	4.3 %
Resort base rental income:				
Annual	\$ 29.9	4.4 %	\$ 122.3	5.0 %
Seasonal	16.1	1.5 %	30.2	2.0 %
Transient	9.2	— %	44.3	4.5 %
Total resort base rental income	\$ 55.2	2.8 %	\$ 196.8	4.4 %

2017 Assumptions Regarding Acquisition Properties ⁽¹⁾

(In millions, unaudited)

	Quarter Ended March 31, 2017 ⁽⁴⁾	Year Ended December 31, 2017 ⁽⁴⁾
Community base rental income	\$ 1.1	\$ 4.6
Resort base rental income	4.3	11.5
Utility income and other property income	0.3	1.1
Property operating revenues	5.7	17.2
Property operating, maintenance, and real estate taxes	2.3	9.1
Property operating expenses	2.3	9.1
Income from property operations, excluding deferrals and property management	\$ 3.4	\$ 8.1

1. See Non-GAAP Financial Measure Definitions and Other Terms at the end of the supplemental information for definition of Core and Acquisition properties.
2. Management's estimate of the growth of property operations in the 2017 Core Properties compared to actual 2016 performance. Represents our estimate of the mid-point of a range of possible outcomes. Calculations prepared using actual results without rounding. Actual growth 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 Acquisition properties. Actual income from property operations for the Acquisition properties could vary materially from amounts presented above if any of our assumptions is incorrect.

Right-To-Use Memberships - Select Data

(In thousands, except member count, number of Thousand Trail Camping Pass, number of annuals and number of upgrades, unaudited)

	Year Ended December 31,				
	2013	2014	2015	2016	2017 ⁽¹⁾
Member Count ⁽²⁾	98,277	96,130	102,413	104,728	105,500
Thousand Trails Camping Pass (TTC) Origination ⁽³⁾	15,607	18,187	25,544	29,576	29,800
<i>TTC Sales</i>	<i>9,289</i>	<i>10,014</i>	<i>11,877</i>	<i>12,856</i>	<i>13,100</i>
<i>RV Dealer TTC Activations</i>	<i>6,318</i>	<i>8,173</i>	<i>13,667</i>	<i>16,720</i>	<i>16,700</i>
Number of annuals ⁽⁴⁾	4,830	5,142	5,470	5,756	6,000
Number of upgrade sales ⁽⁵⁾	2,999	2,978	2,687	2,477	2,600
Right-to-use annual payments ⁽⁶⁾	\$ 47,967	\$ 44,860	\$ 44,441	\$ 45,036	\$ 45,100
Resort base rental income from annuals	\$ 11,148	\$ 12,491	\$ 13,821	\$ 15,413	\$ 17,200
Resort base rental income from seasonals/transients	\$ 12,692	\$ 13,894	\$ 15,795	\$ 17,344	\$ 18,100
Upgrade contract initiations ⁽⁷⁾	\$ 13,815	\$ 13,892	\$ 12,783	\$ 12,312	\$ 12,300
Utility and other income	\$ 2,293	\$ 2,455	\$ 2,430	\$ 2,442	\$ 2,515

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. TTCs allow access to any of five geographic areas in the United States.
4. Members who rent a specific site for an entire year in connection with their right-to-use contract.
5. Existing customers that have upgraded agreements are eligible for 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.
6. The year ended December 31, 2013 includes \$2.1 million of revenue recognized related to our right-to-use annual memberships activated through our dealer program. During the third quarter of 2013, we changed the accounting treatment of revenues and expenses associated with the RV dealer program to recognize as revenue only the cash received from members generated by the program.
7. Revenues associated with contract upgrades, included in Right-to-use contracts current period, gross, on our Consolidated Income Statement on page 4.

Market Capitalization

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

Capital Structure as of December 31, 2016

	Total Common Stock/Units	% of Total Common Stock/Units	Total	% of Total	% of Total Market Capitalization
Secured Debt			\$ 1,910	90.5 %	
Unsecured Debt			200	9.5 %	
Total Debt ⁽¹⁾			\$ 2,110	100.0%	23.6%
Common Stock	85,529,386	92.3%			
OP Units	7,170,000	7.7%			
Total Common Stock and OP Units	92,699,386	100.0%			
Common Stock price at December 31, 2016	\$ 72.10				
Fair Value of Common Stock			\$ 6,684	98.0 %	
Perpetual Preferred Stock			136	2.0 %	
Total Equity			\$ 6,820	100.0%	76.4%
Total Market Capitalization			\$ 8,930		100.0%

Perpetual Preferred Stock as of December 31, 2016

Series	Callable Date	Outstanding Stock	Liquidation Value	Annual Dividend Per Share	Annual Dividend Value
6.75% Series C	9/7/2017	54,458	\$136	\$168.75	\$ 9.2

1. Excludes deferred financing costs of approximately \$18.9 million.

Debt Maturity Schedule

Debt Maturity Schedule as of December 31, 2016

(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
2017	\$ 34,239	5.85 %	\$ —	—	\$ 34,239	1.63 %	5.85 %
2018	199,271	5.97 %	—	—	199,271	9.47 %	5.97 %
2019	201,161	6.27 %	—	—	201,161	9.56 %	6.27 %
2020	121,877	6.13 %	200,000	2.39 %	321,877	15.29 %	3.81 %
2021	190,368	5.01 %	—	—	190,368	9.04 %	5.01 %
2022	150,265	4.59 %	—	—	150,265	7.14 %	4.59 %
2023	111,316	5.12 %	—	—	111,316	5.29 %	5.12 %
2024	—	— %	—	—	—	— %	— %
2025	107,799	3.45 %	—	—	107,799	5.12 %	3.45 %
2026	—	— %	—	—	—	— %	— %
Thereafter	788,459	4.27 %	—	—	788,459	37.46 %	4.27 %
Total	\$ 1,904,755	4.91%	\$ 200,000	2.39%	\$ 2,104,755	100.0%	4.67%
Note Premiums	5,464		—		5,464		
Total Debt	1,910,219		200,000		2,110,219		
Deferred Financing Costs	(18,319)		(621)		(18,940)		
Total Debt, net	\$ 1,891,900	4.90% ⁽¹⁾	\$ 199,379	2.51%	\$ 2,091,279		4.67% ⁽¹⁾
Average Years to Maturity	10.9		3.1		10.1		

1. Reflects effective interest rate including amortization of note premiums and amortization of deferred loan cost for secured and total debt and stated interest rate for unsecured debt.

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 Funds from Operations (“FFO”), Normalized Funds from Operations (“Normalized FFO”), Funds Available for Distribution (“FAD”) and Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (“Adjusted EBITDA”), 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) the financial impact of contingent consideration; b) gains and losses from early debt extinguishment, including prepayment penalties and defeasance costs; c) property acquisition and other transaction costs related to mergers and acquisitions; and d) 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 mergers and acquisitions 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 income and right-to-use income less property operating and maintenance expenses, real estate tax, sales and marketing expenses, 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 Income before equity in income of unconsolidated joint ventures to Income from property operations (amounts in thousands):

	Quarters Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Income before equity in income of unconsolidated joint ventures	\$ 41,918	\$ 39,284	\$ 184,527	\$ 146,423
Right-to-use upfront payments, deferred, net	652	302	3,079	4,231
Gross revenues from home sales	(8,952)	(8,809)	(37,191)	(33,150)
Brokered resale revenues and ancillary services revenues, net	(258)	(104)	(2,994)	(4,149)
Interest income	(1,793)	(1,716)	(6,845)	(7,030)
Income from other investments, net	(736)	(2,240)	(7,310)	(7,359)
Right-to-use contract commissions, deferred, net	(11)	(85)	(223)	(1,556)
Property management	11,413	10,778	47,083	44,528
Depreciation on real estate and rental homes	30,198	28,748	117,400	113,609
Amortization of in-place leases	1,234	408	3,373	2,358
Cost of homes sales	8,949	8,594	37,456	32,279
Home selling expenses	1,027	805	3,575	3,191
General and administrative	7,688	8,472	31,004	30,644
Property rights initiatives and other	2,950	1,052	4,986	2,986
Early debt retirement	—	(9)	—	16,913
Interest and related amortization	25,395	26,083	102,030	105,731
Income from property operations, excluding deferrals and property management	119,674	111,563	479,950	449,649
Right-to-use contracts, deferred and sales and marketing, deferred, net	(641)	(217)	(2,856)	(2,675)
Property management	(11,413)	(10,778)	(47,083)	(44,528)
Income from property operations	<u>\$ 107,620</u>	<u>\$ 100,568</u>	<u>\$ 430,011</u>	<u>\$ 402,446</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) the financial impact of contingent consideration; b) gains and losses from early debt extinguishment, including prepayment penalties and defeasance costs; c) property acquisition and other transaction costs related to mergers and acquisitions; d) GAAP deferral of right-to-use contract upfront payments and related commissions, net; 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,	
	2016	2015	2016	2015
Consolidated net income	\$ 42,381	\$ 39,767	\$ 187,132	\$ 150,512
Interest Income	(1,793)	(1,716)	(6,845)	(7,030)
Depreciation on real estate assets and rental homes	30,198	28,748	117,400	113,609
Amortization of in-place leases	1,234	408	3,373	2,358
Depreciation on corporate assets	280	276	1,120	1,089
Depreciation on unconsolidated joint ventures	324	282	1,292	1,081
Interest and related amortization	25,395	26,083	102,030	105,731
EBITDA	98,019	93,848	405,502	367,350
Right-to-use contract upfront payments, deferred, net	652	302	3,079	4,231
Right-to-use contract commissions, deferred, net	(11)	(85)	(223)	(1,556)
Transaction costs	292	527	1,217	1,130
Early debt retirement	—	(9)	—	16,913
Litigation Settlement, net	2,415	—	2,415	—
Adjusted EBITDA	<u>\$ 101,367</u>	<u>\$ 94,583</u>	<u>\$ 411,990</u>	<u>\$ 388,068</u>

CORE. The Core properties include properties we owned and operated during all of 2015 and 2016. 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.

ACQUISITIONS. The Acquisition properties include all properties that were not owned and operated in 2015 and 2016. This includes, but is not limited to, four properties acquired in 2016, three properties acquired during 2015 and Tropical Palms RV resort.

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.