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

FORM 10-Q

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

For the quarterly period ended June 30, 2022

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

For the transition period from to

Commission file number: 1-11718

EQUITY LIFESTYLE PROPERTIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**36-3857664**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification Number)**
Two North Riverside Plaza, Suite 800 Chicago, Illinois	**60606**
(Address of Principal Executive Offices)	**(Zip Code)**

(312) 279-1400
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	**ELS**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 186,078,265 shares of Common Stock as of July 21, 2022.

Equity LifeStyle Properties, Inc.

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Part I – Financial Information

Item 1. Financial Statements

Equity LifeStyle Properties, Inc.
Consolidated Balance Sheets
(amounts in thousands, except share and per share data)

	June 30, 2022 (unaudited)	December 31, 2021
Assets		
Investment in real estate:		
Land	$ 2,073,106	$ 2,019,787
Land improvements	4,031,259	3,912,062
Buildings and other depreciable property	1,138,211	1,057,215
	7,242,576	6,989,064
Accumulated depreciation	(2,197,013)	(2,103,774)
Net investment in real estate	5,045,563	4,885,290
Cash and restricted cash	42,426	123,398
Notes receivable, net	41,925	39,955
Investment in unconsolidated joint ventures	84,113	70,312
Deferred commission expense	48,806	47,349
Other assets, net	136,755	141,567
Total Assets	**$ 5,399,588**	**$ 5,307,871**
Liabilities and Equity		
Liabilities:		
Mortgage notes payable, net	$ 2,724,040	$ 2,627,783
Term loan, net	496,373	297,436
Unsecured line of credit	47,800	349,000
Accounts payable and other liabilities	185,961	172,285
Deferred membership revenue	188,582	176,439
Accrued interest payable	9,520	9,293
Rents and other customer payments received in advance and security deposits	145,265	118,696
Distributions payable	80,311	70,768
Total Liabilities	**3,877,852**	**3,821,700**
Equity:		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized as of June 30, 2022 and December 31, 2021; none issued and outstanding.	—	—
Common stock, $0.01 par value, 600,000,000 shares authorized as of June 30, 2022 and December 31, 2021; 186,076,327 and 185,640,379 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively.	1,916	1,913
Paid-in capital	1,622,876	1,593,362
Distributions in excess of accumulated earnings	(191,828)	(183,689)
Accumulated other comprehensive income	16,241	3,524
Total Stockholders' Equity	1,449,205	1,415,110
Non-controlling interests – Common OP Units	72,531	71,061
Total Equity	**1,521,736**	**1,486,171**
Total Liabilities and Equity	**$ 5,399,588**	**$ 5,307,871**

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Income and Comprehensive Income
(amounts in thousands, except per share data)
(unaudited)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Revenues:				
Rental income	$ 275,330	$ 255,698	$ 560,395	$ 504,720
Annual membership subscriptions	15,592	14,267	30,749	27,921
Membership upgrade sales current period, gross	9,535	9,207	16,686	19,221
Membership upgrade sales upfront payments, deferred, net	(6,367)	(6,454)	(10,451)	(13,881)
Other income	14,195	14,185	27,736	24,706
Gross revenues from home sales, brokered resales and ancillary services	52,681	40,237	92,390	65,478
Interest income	1,722	1,742	3,481	3,509
Income from other investments, net	2,617	1,222	4,521	2,158
Total revenues	365,305	330,104	725,507	633,832
Expenses:				
Property operating and maintenance	114,307	102,663	218,299	191,536
Real estate taxes	19,182	17,896	38,639	35,746
Sales and marketing, gross	6,409	6,298	11,323	12,474
Membership sales commissions, deferred, net	(957)	(1,438)	(1,540)	(2,937)
Property management	19,099	16,560	36,970	31,940
Depreciation and amortization	50,796	48,316	100,190	93,714
Cost of home sales, brokered resales and ancillary services	40,971	31,793	71,670	50,710
Home selling expenses and ancillary operating expenses	7,584	6,090	14,066	11,031
General and administrative	11,695	10,228	23,992	20,740
Other expenses	4,189	800	5,009	1,498
Early debt retirement	640	755	1,156	2,784
Interest and related amortization	28,053	27,131	55,517	53,406
Total expenses	301,968	267,092	575,291	502,642
Loss on sale of real estate, net	—	—	—	(59)
Income before equity in income of unconsolidated joint ventures	63,337	63,012	150,216	131,131
Equity in income of unconsolidated joint ventures	1,253	1,068	1,424	1,936
Consolidated net income	64,590	64,080	151,640	133,067
Income allocated to non-controlling interests – Common OP Units	(3,073)	(3,021)	(7,217)	(6,768)
Redeemable perpetual preferred stock dividends	(8)	(8)	(8)	(8)
Net income available for Common Stockholders	**$ 61,509**	**$ 61,051**	**$ 144,415**	**$ 126,291**
Consolidated net income	$ 64,590	$ 64,080	$ 151,640	$ 133,067
Other comprehensive income (loss):				
Adjustment for fair market value of swap	2,793	110	12,717	239
Consolidated comprehensive income	67,383	64,190	164,357	133,306
Comprehensive income allocated to non-controlling interests – Common OP Units	(3,207)	(3,027)	(7,823)	(6,781)
Redeemable perpetual preferred stock dividends	(8)	(8)	(8)	(8)
Comprehensive income attributable to Common Stockholders	**$ 64,168**	**$ 61,155**	**$ 156,526**	**$ 126,517**
Earnings per Common Share – Basic	$ 0.33	$ 0.33	$ 0.78	$ 0.69
Earnings per Common Share – Fully Diluted	$ 0.33	$ 0.33	$ 0.78	$ 0.69
Weighted average Common Shares outstanding – Basic	185,767	182,337	185,729	182,142
Weighted average Common Shares outstanding – Fully Diluted	195,227	192,701	195,253	192,668

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Changes in Equity
(amounts in thousands)
(unaudited)

	Common Stock	Paid-in Capital	Redeemable Perpetual Preferred Stock	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests – Common OP Units	Total Equity
Balance as of December 31, 2021	**$ 1,913**	**$ 1,593,362**	**$ —**	**$ (183,689)**	**$ 3,524**	**$ 71,061**	**$ 1,486,171**
Exchange of Common OP Units for Common Stock	—	67	—	—	—	(67)	—
Issuance of Common Stock through employee stock purchase plan	—	513	—	—	—	—	513
Issuance of Common Stock	3	28,367		—	—	—	28,370
Compensation expenses related to restricted stock and stock options	—	2,590	—	—	—	—	2,590
Repurchase of Common Stock or Common OP Units	—	(3,449)	—	—	—	—	(3,449)
Adjustment for Common OP Unitholders in the Operating Partnership	—	(1,641)	—	—	—	1,641	—
Adjustment for fair market value of swap	—	—	—	—	9,924	—	9,924
Consolidated net income	—	—	—	82,906	—	4,144	87,050
Distributions	—	—	—	(76,375)	—	(3,812)	(80,187)
Other	—	(645)	—	—	—	—	(645)
Balance as of March 31, 2022	**1,916**	**1,619,164**	**—**	**(177,158)**	**13,448**	**72,967**	**1,530,337**
Issuance of Common Stock through employee stock purchase plan	—	1,388	—	—	—	—	1,388
Compensation expenses related to restricted stock and stock options	—	2,681	—	—	—	—	2,681
Adjustment for Common OP Unitholders in the Operating Partnership	—	(303)	—	—	—	303	—
Adjustment for fair market value of swap	—	—	—	—	2,793	—	2,793
Consolidated net income	—	—	8	61,509	—	3,073	64,590
Distributions	—	—	(8)	(76,179)	—	(3,812)	(79,999)
Other	—	(54)	—	—	—	—	(54)
Balance as of June 30, 2022	**$ 1,916**	**$ 1,622,876**	**—**	**$ (191,828)**	**$ 16,241**	**$ 72,531**	**$ 1,521,736**

Equity LifeStyle Properties, Inc.
Consolidated Statements of Changes in Equity
(amounts in thousands)
(unaudited)

	Common Stock	Paid-in Capital	Redeemable Perpetual Preferred Stock	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling interests – Common OP Units	Total Equity
Balance as of December 31, 2020	**$ 1,813**	**$ 1,411,397**	$ —	**$ (179,523)**	**$ —**	**$ 71,068**	**$ 1,304,755**
Exchange of Common OP Units for Common Stock	—	58	—	—	—	(58)	—
Issuance of Common Stock through employee stock purchase plan	—	732	—	—	—	—	732
Compensation expenses related to restricted stock and stock options	—	2,556	—	—	—	—	2,556
Repurchase of Common Stock or Common OP Units	—	(2,814)	—	—	—	—	(2,814)
Adjustment for fair market value of swap	—	—	—	—	129	—	129
Consolidated net income	—	—	—	65,240	—	3,747	68,987
Distributions	—	—	—	(66,087)	—	(3,796)	(69,883)
Other	—	(116)	—	—	—	—	(116)
Balance as of March 31, 2021	**1,813**	**1,411,813**	—	**(180,370)**	**129**	**70,961**	**1,304,346**
Exchange of Common OP Units for Common Stock	14	9,310	—	—	—	(9,324)	—
Issuance of Common Stock through employee stock purchase plan	—	605	—	—	—	—	605
Compensation expenses related to restricted stock and stock options	—	2,821	—	—	—	—	2,821
Adjustment for Common OP Unitholders in the Operating Partnership	—	(143)	—	—	—	143	—
Adjustment for fair market value of swap	—	—	—	—	110	—	110
Consolidated net income	—	—	8	61,051	—	3,021	64,080
Distributions	—	—	(8)	(66,611)	—	(3,296)	(69,915)
Other	—	(56)	—	—	—	—	(56)
Balance as of June 30, 2021	**$ 1,827**	**$ 1,424,350**	$ —	**$ (185,930)**	**$ 239**	**$ 61,505**	**$ 1,301,991**

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	Six Months Ended June 30,	
	2022	**2021**
Cash Flows From Operating Activities:		
Consolidated net income	$ 151,640	$ 133,067
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Loss on sale of real estate, net	—	59
Early debt retirement	1,156	2,784
Depreciation and amortization	102,173	95,188
Amortization of loan costs	2,422	2,346
Debt premium amortization	(105)	(165)
Equity in income of unconsolidated joint ventures	(1,424)	(1,936)
Distributions of income from unconsolidated joint ventures	200	41
Proceeds from insurance claims, net	59	144
Compensation expense related to incentive plans	1,932	6,135
Revenue recognized from membership upgrade sales upfront payments	(6,236)	(5,339)
Commission expense recognized related to membership sales	2,070	1,903
Changes in assets and liabilities:		
Notes receivable, net	(1,223)	(2,250)
Deferred commission expense	(3,527)	(4,719)
Other assets, net	44,339	18,901
Accounts payable and other liabilities	16,650	33,112
Deferred membership revenue	18,064	22,279
Rents and other customer payments received in advance and security deposits	26,273	27,376
Net cash provided by operating activities	354,463	328,926
Cash Flows From Investing Activities:		
Real estate acquisitions, net	(111,917)	(356,605)
Proceeds from disposition of properties, net	—	(7)
Investment in unconsolidated joint ventures	(12,291)	(493)
Distributions of capital from unconsolidated joint ventures	1,788	1,617
Proceeds from insurance claims	1,405	—
Capital improvements	(181,035)	(119,723)
Net cash used in investing activities	(302,050)	(475,211)

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows (continued)
(amounts in thousands)
(unaudited)

	Six Months Ended June 30,	
	2022	**2021**
Cash Flows From Financing Activities:		
Proceeds from stock options and employee stock purchase plan	1,901	1,337
Gross proceeds from the issuance of common stock	28,370	—
Distributions:		
Common Stockholders	(143,557)	(128,501)
Common OP Unitholders	(7,185)	(7,385)
Preferred Stockholders	(8)	(8)
Share based award tax withholding payments	(3,449)	(2,814)
Principal payments and mortgage debt repayment	(103,734)	(94,271)
Mortgage notes payable financing proceeds	200,000	270,016
Term loan repayment	—	(300,000)
Term loan proceeds	200,000	600,000
Line of Credit repayment	(423,000)	(317,500)
Line of Credit proceeds	121,800	157,500
Debt issuance and defeasance costs	(3,826)	(11,225)
Other	(697)	(171)
Net cash (used in) provided by financing activities	(133,385)	166,978
Net (decrease) increase in cash and restricted cash	(80,972)	20,693
Cash and restricted cash, beginning of year	123,398	24,060
Cash and restricted cash, end of period	**$ 42,426**	**$ 44,753**

	Six Months Ended June 30,	
	2022	**2021**
Supplemental Information:		
Cash paid for interest	$ 53,987	$ 51,040
Net investment in real estate – reclassification of rental homes	$ 48,562	$ 33,793
Other assets, net – reclassification of rental homes	$ (48,562)	$ (33,793)
Real estate acquisitions:		
Investment in real estate	$ (112,458)	$ (366,043)
Notes receivable, net	(772)	—
Other assets, net	—	(2,815)
Deferred revenue - sale of right-to-use contracts	315	—
Accrued expenses and accounts payable	—	1,313
Other liabilities	702	—
Rents and other customer payments received in advance and security deposits	296	10,940
Real estate acquisitions, net	$ (111,917)	$ (356,605)
Real estate dispositions:		
Investment in real estate	$ —	$ 52
Loss on sale of real estate, net	—	(59)
Real estate dispositions, net	$ —	$ (7)

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

Note 1 – Organization and Basis of Presentation

Equity LifeStyle Properties, Inc. ("ELS"), a Maryland corporation, together with MHC Operating Limited Partnership (the "Operating Partnership") and its other consolidated subsidiaries (the "Subsidiaries"), are referred to herein as "we," "us," and "our". We are a fully integrated owner of lifestyle-oriented properties ("Properties") consisting of property operations and home sales and rental operations primarily within manufactured home ("MH") and recreational vehicle ("RV") communities and marinas. We have a unique business model where we own the land which we lease to customers who own manufactured homes and cottages, RVs and/or boats either on a long-term or short-term basis. Our customers may lease individual developed areas ("Sites") or enter into right-to-use contracts, also known as membership subscriptions, which provide them access to specific Properties for limited stays.

Our Properties are owned primarily by the Operating Partnership and managed internally by affiliates of the Operating Partnership. ELS is the sole general partner of the Operating Partnership, has exclusive responsibility and discretion in management and control of the Operating Partnership and held a 95.2% interest as of June 30, 2022. As the general partner with control, ELS is the primary beneficiary of, and therefore consolidates, the Operating Partnership.

Equity method of accounting is applied to entities in which ELS does not have a controlling interest or for variable interest entities in which ELS is not considered the primary beneficiary, but with respect to which it can exercise significant influence over operations and major decisions. Our exposure to losses associated with unconsolidated joint ventures is primarily limited to the carrying value of these investments. Accordingly, distributions from a joint venture in excess of our carrying value are recognized in earnings.

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to Securities and Exchange Commission ("SEC") rules and regulations for Quarterly Reports on Form 10-Q. Accordingly, they do not include all of the information and note disclosures required by U.S. Generally Accepted Accounting Principles ("GAAP") for complete financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Intercompany balances and transactions have been eliminated. All adjustments to the unaudited interim consolidated financial statements are of a normal, recurring nature and, in the opinion of management, are necessary for a fair presentation of results for these interim periods. Revenues and expenses are subject to seasonal fluctuations and accordingly, quarterly interim results may not be indicative of full year results. Certain prior period amounts have been reclassified on our unaudited interim consolidated financial statements to conform with current year presentation.

Note 2 – Summary of Significant Accounting Policies

(a) Revenue Recognition

Our revenue streams are predominantly derived from customers renting our Sites or entering into membership subscriptions. Leases with customers renting our Sites are accounted for as operating leases. The rental income associated with these leases is accounted for in accordance with the Accounting Standards Codification ("ASC") *842, Leases*, and is recognized over the term of the respective lease or the length of a customer's stay. MH Sites are generally leased on an annual basis to residents who own or lease factory-built homes, including manufactured homes. RV and marina Sites are leased to those who generally have an RV, factory-built cottage, boat or other unit placed on the site, including those customers renting marina dry storage slips. Annual Sites are leased on an annual basis, including those Northern Properties that are open for the summer season. Seasonal Sites are leased to customers generally for one to six months. Transient Sites are leased to customers on a short-term basis. We do not separate expenses reimbursed by our customers ("utility recoveries") from the associated rental income as we meet the practical expedient criteria to combine the lease and non-lease components. We assessed the criteria and concluded that the timing and pattern of transfer for rental income and the associated utility recoveries are the same and, as our leases qualify as operating leases, we account for and present rental income and utility recoveries as a single component under Rental income in our Consolidated Statements of Income and Comprehensive Income. In addition, customers may lease homes that are located in our communities. These leases are accounted for as operating leases. Rental income derived from customers leasing homes is also accounted for in accordance with *ASC 842*, *Leases* and is recognized over the term of the respective lease. The allowance for credit losses related to the collectability of lease receivables is presented as a reduction to Rental income. Lease receivables are presented within Other assets, net on the Consolidated Balance Sheets and are net of an allowance for credit losses. The estimate for credit losses is a result of our ongoing assessments and evaluations of collectability, including historical loss experience, current market conditions and future expectations in forecasting credit losses.

Note 2 – Summary of Significant Accounting Policies (continued)

Annual membership subscriptions and membership upgrade sales are accounted for in accordance with *ASC 606, Revenue from Contracts with Customers.* Membership subscriptions provide our customers access to specific Properties for limited stays at a specified group of Properties. Payments are deferred and recognized on a straight-line basis over the one-year period during which access to Sites at certain Properties is provided. Membership subscription receivables are presented within Other assets, net on the Consolidated Balance Sheets and are net of an allowance for credit losses. Membership upgrades grant certain additional access rights to the customer and require non-refundable upfront payments. The non-refundable upfront payments are recognized on a straight-line basis over 20 years. Financed upgrade sales (also known as contract receivables) are presented within Notes receivable, net on the Consolidated Balance Sheets and are net of an allowance for credit losses.

Income from home sales is recognized when the earnings process is complete. The earnings process is complete when the home has been delivered, the purchaser has accepted the home and title has transferred. We have a limited program under which we purchase loans made by an unaffiliated lender to homebuyers at our Properties. Financed home sales (also known as chattel loans) are presented within Notes receivable, net on the Consolidated Balance Sheets and are net of an allowance for credit losses.

(b) Restricted Cash

As of June 30, 2022 and December 31, 2021, restricted cash consisted of $25.8 million and $29.3 million, respectively, primarily related to cash reserved for customer deposits and escrows for insurance and real estate taxes.

Note 3 – Leases

Lessor

The leases entered into between the customer and us for rental of a Site are renewable upon the consent of both parties or, in some instances, as provided by statute. Long-term leases that are non-cancelable by the tenants are in effect at certain Properties. Rental rate increases at these Properties are primarily a function of increases in the Consumer Price Index, taking into consideration certain conditions. Additionally, periodic market rate adjustments are made as deemed appropriate. In addition, certain state statutes allow entry into long-term agreements that effectively modify lease terms related to rent amounts and increases over the term of the agreements. The following table presents future minimum rents expected to be received under long-term non-cancelable tenant leases, as well as those leases that are subject to long-term agreements governing rent payments and increases:

(amounts in thousands)	**As of June 30, 2022**
2022	$ 83,785
2023	169,442
2024	104,386
2025	40,557
2026	21,644
Thereafter	67,178
Total	$ 486,992

Lessee

We lease land under non-cancelable operating leases at 14 Properties expiring at various dates between August 31, 2022 and 2054. For additional information regarding the Westwinds and Nicholson Plaza ground leases that expire August 31, 2022, see *Part 1. Item 1. Note 11. Commitments and Contingencies.* The majority of the leases have terms requiring fixed payments plus additional rents based on a percentage of gross revenues at those Properties. We also have other operating leases, primarily office space, expiring at various dates through 2032. For the quarters ended June 30, 2022 and 2021, total operating lease payments were $2.9 million and $2.6 million, respectively. For the six months ended June 30, 2022 and 2021, total operating lease payments were $5.5 million and $5.1 million, respectively.

Note 3 – Leases (continued)

The following table summarizes our minimum future rental payments, excluding variable costs, which are discounted by our incremental borrowing rate to calculate the lease liability for our operating leases as of June 30, 2022:

	As of June 30, 2022		
(amounts in thousands)	Ground Leases	Office and Other Leases	Total
2022	$ 653	$ 2,072	$ 2,725
2023	626	3,523	4,149
2024	632	3,097	3,729
2025	637	2,763	3,400
2026	615	2,543	3,158
Thereafter	4,325	13,140	17,465
Total undiscounted rental payments	7,488	27,138	34,626
Less imputed interest	(1,766)	(4,101)	(5,867)
Total lease liabilities	$ 5,722	$ 23,037	$ 28,759

Right-of-use ("ROU") assets and lease liabilities from our operating leases, included within Other assets, net and Accounts payable and other liabilities on the Consolidated Balance Sheets, were $26.8 million and $28.8 million, respectively, as of June 30, 2022. The weighted average remaining lease term for our operating leases was nine years and the weighted average incremental borrowing rate was 3.8% at June 30, 2022.

ROU assets and lease liabilities from our operating leases, included within Other assets, net and Accounts payable and other liabilities on the Consolidated Balance Sheets, were $30.3 million and $30.7 million, respectively, as of December 31, 2021. The weighted average remaining lease term for our operating leases was seven years and the weighted average incremental borrowing rate was 3.8% at December 31, 2021.

Note 4 – Earnings Per Common Share

The following table sets forth the computation of basic and diluted earnings per share of common stock for the quarters and six months ended June 30, 2022 and 2021:

	Quarters Ended June 30,		Six Months Ended June 30,	
(amounts in thousands, except per share data)	2022	2021	2022	2021
Numerators:				
Net income available for Common Stockholders – Basic	$ 61,509	$ 61,051	$ 144,415	$ 126,291
Amounts allocated to non controlling interest (dilutive securities)	3,073	3,021	7,217	6,768
Net income available for Common Stockholders – Fully Diluted	$ 64,582	$ 64,072	$ 151,632	$ 133,059
Denominators:				
Weighted average Common Shares outstanding – Basic	185,767	182,337	185,729	182,142
Effect of dilutive securities:				
Exchange of Common OP Units for Common Shares	9,297	10,153	9,299	10,312
Stock options and restricted stock	163	211	225	214
Weighted average Common Shares outstanding – Fully Diluted	195,227	192,701	195,253	192,668
Earnings per Common Share – Basic	$ 0.33	$ 0.33	$ 0.78	$ 0.69
Earnings per Common Share – Fully Diluted	$ 0.33	$ 0.33	$ 0.78	$ 0.69

Note 5 – Common Stock and Other Equity Related Transactions

Common Stockholder Distribution Activity

The following quarterly distributions have been declared and paid to Common Stockholders and the Operating Partnership unit ("OP Unit") holders since January 1, 2021.

Note 5 – Common Stock and Other Equity Related Transactions (continued)

Distribution Amount Per Share	For the Quarter Ended	Stockholder Record Date	Payment Date
$0.3625	March 31, 2021	March 26, 2021	April 9, 2021
$0.3625	June 30, 2021	June 25, 2021	July 9, 2021
$0.3625	September 30, 2021	September 24, 2021	October 8, 2021
$0.3625	December 31, 2021	December 31, 2021	January 14, 2022
$0.4100	March 31, 2022	March 25, 2022	April 8, 2022
$0.4100	June 30, 2022	June 24, 2022	July 8, 2022

Equity Offering Program

On February 24, 2022, we entered into our current at-the-market ("ATM") equity offering program with certain sales agents, pursuant to which we may sell, from time-to-time, shares of our common stock, par value $0.01 per share, having an aggregate offering price of up to $500.0 million. Prior to the new program, the aggregate offering price was up to $200.0 million.

The following table presents the shares that were issued under our prior ATM equity offering program during the quarter ended March 31, 2022.

(amounts in thousands, except share data)		
Shares of common stock sold		328,123
Weighted average price	$	86.46
Total gross proceeds	$	28,370
Commissions paid to sales agents	$	389

There has been no ATM activity under the current ATM equity offering program during the six months ended June 30, 2022 and as of June 30, 2022, the full capacity remained available for issuance. There was no ATM equity activity during the six months ended June 30, 2021.

Exchanges

Subject to certain limitations, OP Unit holders can request an exchange of any or all of their OP Units for shares of Common Stock at any time. Upon receipt of such a request, we may, in lieu of issuing shares of Common Stock, cause the Operating Partnership to pay cash. During the six months ended June 30, 2022 and 2021, 8,640 and 1,386,716 OP Units, respectively, were exchanged for an equal number of shares of Common Stock.

Note 6 – Investment in Real Estate

Acquisitions

2022

On February 18, 2022, we completed the acquisition of Blue Mesa Recreational Ranch, a 385-site membership RV community located in Gunnison, Colorado, and Pilot Knob RV Resort a 247-site RV community located in Winterhaven, California for a combined purchase price of $15.9 million. The acquisition was funded with available cash.

On June 1, 2022 we completed the acquisition of a nine acre vacant land parcel in Sarasota, Florida, adjacent to one of our properties, for a purchase price of $2.3 million. The acquisition was funded with available cash.

On June 15, 2022 we completed the acquisition of Holiday Trav-L-Park Resort, a 299-site oceanfront RV community located in Emerald Isle, North Carolina for a purchase price of $50.7 million. The acquisition was funded with available cash and debt financing from the unsecured line of credit.

One June 16, 2022 we completed the acquisition of Oceanside RV Resort, a 139-site RV community located in Oceanside, California for a total purchase price of $44.4 million. The acquisition was funded with available cash and debt financing from the unsecured line of credit.

Note 7 – Investments in Unconsolidated Joint Ventures

The following table summarizes our investment in unconsolidated joint ventures (investment amounts in thousands with the number of Properties shown parenthetically as of June 30, 2022 and December 31, 2021, respectively):

				Investment as of		Income/(Loss) for the Six Months Ended	
Investment	**Location**	**Number of Sites**	**Economic Interest [(a)]**	**June 30, 2022**	**December 31, 2021**	**June 30, 2022**	**June 30, 2021**
Meadows	Various (2,2)	1,077	50 %	$ 58	$ —	$ 858	$ 1,050
Lakeshore	Florida (3,3)	721	(b)	2,608	2,638	318	286
Voyager	Arizona (1,1)	—	33 % (c)	177	141	38	293
ECHO JV	Various	—	50 %	18,669	18,136	533	307
RVC	Various	1,194	80 %	54,687	49,397	(323)	—
Mulberry Farms	Various	—	50 % (d)	7,914	—	—	—
		2,992		$ 84,113	$ 70,312	$ 1,424	$ 1,936

(a) The percentages shown approximate our economic interest as of June 30, 2022. Our legal ownership interest may differ.
(b) Includes two joint ventures in which we own a 65% interest in each and the Crosswinds joint venture in which we own a 49% interest.
(c) Consists of a 33% interest in the utility plant servicing Voyager RV Resort. On October 14, 2021, we completed the acquisition of the remaining 50% interest in Voyager RV Resort.
(d) On January 18, 2022, we acquired a 50% equity interest in an entity developing an age-restricted community in Prescott Valley, Arizona.

We received approximately $2.0 million and $1.7 million in distributions from our unconsolidated joint ventures for the six months ended June 30, 2022 and 2021, respectively. Approximately $0.8 million and $1.5 million of the distributions made to us exceeded our basis in our unconsolidated joint ventures for the six months ended June 30, 2022 and 2021, respectively, and as such, were recorded as income from unconsolidated joint ventures.

Note 8 – Borrowing Arrangements

Mortgage Notes Payable

Our mortgage notes payable is classified as Level 2 in the fair value hierarchy. The following table presents the fair value of our mortgage notes payable:

	As of June 30, 2022		As of December 31, 2021	
(amounts in thousands)	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Mortgage notes payable, excluding deferred financing costs	$ 2,329,554	$ 2,750,224	$ 2,743,527	$ 2,654,086

The weighted average interest rate on our outstanding mortgage indebtedness, including the impact of premium/discount amortization and loan cost amortization on mortgage indebtedness, as of June 30, 2022, was approximately 3.7% per annum. The debt bears interest at stated rates ranging from 2.4% to 8.9% per annum and matures on various dates ranging from 2023 to 2041. The debt encumbered a total of 114 and 117 of our Properties as of June 30, 2022 and December 31, 2021, respectively, and the gross carrying value of such Properties was approximately $2,834.0 million and $2,817.5 million, as of June 30, 2022 and December 31, 2021, respectively.

During the six months ended June 30, 2022, we repaid $14.2 million of principal on two mortgage loans that were due to mature in 2022, incurring $0.5 million of prepayment penalties. These mortgage loans had a weighted average interest rate of 5.25% per annum and were secured by three RV communities.

Note 8 - Borrowing Arrangements (continued)

During the six months ended June 30, 2022, we entered into a $200.0 million secured refinancing transaction. The loan is secured by one MH community, has a fixed interest rate of 3.36% per annum and has a maturity date of May 1, 2034. The net proceeds from the transaction were used to repay all debt scheduled to mature in 2022 and to repay amounts outstanding on the Line of Credit (“LOC”).

Unsecured Debt

During the six months ended June 30, 2022 we entered into a $200.0 million senior unsecured term loan agreement. The maturity date is January 21, 2027, with an interest rate of Secured Overnight Financing Rate (“SOFR”) plus approximately 1.30% to 1.80%, depending on leverage levels.

The LOC had a balance of $47.8 million and $349.0 million outstanding as of June 30, 2022 and December 31, 2021, respectively. As of June 30, 2022, our LOC had a remaining borrowing capacity of $452.2 million.

As of June 30, 2022, we were in compliance in all material respects with the covenants in all our borrowing arrangements.

Note 9 – Derivative Instruments and Hedging

Cash Flow Hedges of Interest Rate Risk

We record all derivatives at fair value. Our objective in utilizing interest rate derivatives is to add stability to our interest expense and to manage our exposure to interest rate movements. We do not enter into derivatives for speculative purposes.

We have a three-year LIBOR Swap Agreement (the “Swap”) allowing us to trade the variable interest rate associated with our variable rate debt for a fixed interest rate. The Swap has a notional amount of $300.0 million of outstanding principal with a fixed interest rate of 0.39% per annum and matures on March 25, 2024. Based on the leverage as of June 30, 2022, our spread over LIBOR was 1.40% resulting in an estimated all-in interest rate of 1.79% per annum.

Our derivative financial instrument was classified as Level 2 in the fair value hierarchy. The following table presents the fair value of our derivative financial instrument:

(amounts in thousands)	**Balance Sheet Location**	**As of June 30, 2022**	**As of December 31, 2021**
Interest Rate Swap	Other assets, net	$ 16,240	$ 3,524

The following table presents the effect of our derivative financial instrument on the Consolidated Statements of Income and Comprehensive Income:

Derivatives in Cash Flow Hedging Relationship	**Amount of (gain)/loss recognized in OCI on derivative for the six months ended June 30,**		**Location of (gain)/ loss reclassified from accumulated OCI into income**	**Amount of (gain)/loss reclassified from accumulated OCI into income for the six months ended June 30,**	
(amounts in thousands)	**2022**	**2021**	*(amounts in thousands)*	**2022**	**2021**
Interest Rate Swap	$ (12,719)	$ (2)	Interest Expense	$ (2)	$ 237

During the next twelve months, we estimate that $8.1 million will be reclassified as a decrease to interest expense. This estimate may be subject to change as the underlying LIBOR changes. We determined that no adjustment was necessary for non-performance risk on our derivative obligation. As of June 30, 2022, we had not posted any collateral related to the Swap.

Note 10 – Equity Incentive Awards

Our 2014 Equity Incentive Plan (the “2014 Plan”) was adopted by the Board of Directors on March 11, 2014 and approved by our stockholders on May 13, 2014.

During the quarter ended March 31, 2022, 79,078 shares of restricted stock were awarded to certain members of our management team. Of these shares, 50% are time-based awards, vesting in equal installments over a three-year period on January 27, 2023, January 26, 2024 and January 31, 2025, respectively, and have a grant date fair value of $3.0 million. The remaining 50% are performance-based awards vesting in equal installments on January 27, 2023, January 26, 2024 and January 31, 2025, respectively, upon meeting performance conditions as established by the Compensation Committee in the year of the vesting period. They are valued using the closing price at the grant date when all the key terms and conditions are known to all parties. The 13,178 shares of restricted stock subject to 2022 performance goals have a grant date fair value of $1.0 million.

During the quarter ended June 30, 2022 we awarded to certain members of our Board of Directors 51,522 shares of restricted stock at a fair value of approximately $4.1 million and options to purchase 7,210 shares of common stock with an exercise price of $79.72. These are time-based awards subject to various vesting dates between October 26, 2022 and April 26, 2025.

Stock based compensation expense, reported in General and administrative expense on the Consolidated Statements of Income and Comprehensive Income, was $2.7 million and $2.8 million for the quarters ended June 30, 2022 and 2021, respectively, and $5.3 million and $5.4 million for the six months ended June 30, 2022 and 2021, respectively.

Note 11 – Commitments and Contingencies

We are involved in various legal and regulatory proceedings (“Proceedings”) arising in the ordinary course of business. The Proceedings include, but are not limited to, legal claims made by employees, vendors and customers, and notices, consent decrees, information requests, additional permit requirements and other similar enforcement actions by governmental agencies relating to our utility infrastructure, including water and wastewater treatment plants and other waste treatment facilities and electrical systems. Additionally, in the ordinary course of business, our operations are subject to audit by various taxing authorities. Management believes these Proceedings taken together do not represent a material liability. In addition, to the extent any such Proceedings or audits relate to newly acquired Properties, we consider any potential indemnification obligations of sellers in our favor.

The Operating Partnership operates and manages Westwinds, a 720 site mobilehome community, and Nicholson Plaza, an adjacent shopping center, both located in San Jose, California pursuant to ground leases that expire on August 31, 2022 and do not contain extension options. The master lessor of these ground leases, The Nicholson Family Partnership (the “Nicholsons”), has expressed a desire to redevelop Westwinds, and in a written communication, they claimed that we were obligated to deliver the property free and clear of any and all subtenancies upon the expiration of the ground leases on August 31, 2022. In connection with any redevelopment, the City of San Jose’s conversion ordinance requires, among other things, that the landowner provide relocation, rental and purchase assistance to the impacted residents.

We believe the Nicholsons’ demand is unlawful, and on December 30, 2019, the Operating Partnership, together with certain interested parties, filed a complaint in California Superior Court for Santa Clara County, seeking declaratory relief pursuant to which it requested that the Court determine, among other things, that the Operating Partnership has no obligation to deliver the property free and clear of the mobilehome residents upon the expiration of the ground leases. The Operating Partnership and the interested parties filed an amended complaint on January 29, 2020. The Nicholsons filed a demand for arbitration on January 28, 2020, which they subsequently amended, pursuant to which they request (i) a declaration that the Operating Partnership, as the “owner and manager” of Westwinds, is “required by the Ground Leases, and State and local law to deliver the Property free of any encumbrances or third-party claims at the expiration of the lease terms,” (ii) that the Operating Partnership anticipatorily breached the ground leases by publicly repudiating any such obligation and (iii) that the Operating Partnership is required to indemnify the Nicholsons with respect to the claims brought by the interested parties in the Superior Court proceeding.

On February 3, 2020, the Nicholsons filed a motion in California Superior Court to compel arbitration and to stay the Superior Court litigation, which motion was heard on June 25, 2020. On July 29, 2020, the Superior Court issued a final order denying the Nicholsons' motion to compel arbitration. The Nicholsons filed a notice of appeal on August 7, 2020. On February 4, 2022, the California Court of Appeal affirmed the Superior Court’s order denying the Nicholsons' motion to compel

Note 11 - Commitments and Contingencies (continued)

arbitration. On February 22, 2022, the Nicholsons filed a petition for rehearing, which the Court of Appeal denied on March 2, 2022. On March 16, 2022, the Nicholsons filed a petition for review with the California Supreme Court, which the California Supreme Court denied on April 20, 2022. On May 18, 2022, the Nicholsons filed a cross complaint alleging that the Operating Partnership is obligated to deliver Westwinds free and clear of encumbrances and in good condition and repair. The cross complaint asserts that it is no longer feasible for the Operating Partnership to cure its alleged breaches given that the ground leases terminate on August 31, 2022. The Operating Partnership has filed a demurrer seeking dismissal of the cross complaint, and the Nicholsons also filed a demurrer to our complaint.

On July 19, 2022, the Nicholsons sent two notices of default to the Operating Partnership, one related to Westwinds and the other related to Nicholson Plaza, the adjacent shopping center. The notices generally assert that the Operating Partnership failed to maintain or repair certain infrastructure and improvements at Westwinds and Nicholson Plaza. The Operating Partnership is evaluating the notices but expects to dispute the contention that it has not maintained Westwinds and Nicholson Plaza in compliance with the terms of the applicable ground leases.

The arbitration which was previously stayed pursuant to an agreement between the Operating Partnership and the Nicholsons is now proceeding with respect to the Nicholsons' indemnification claim that the Operating Partnership is required to indemnify the Nicholsons with respect to the claims brought by the interested parties in the Superior Court proceeding and a claim by the Operating Partnership for recovery of fees incurred in connection with the Nicholsons' failed motion to compel arbitration. We intend to continue to vigorously defend our interests in this matter. As of June 30, 2022, we have not made an accrual, as we are unable to predict the outcome of this matter or reasonably estimate any possible loss.

Note 12 - Reportable Segments

We have identified two reportable segments: (i) Property Operations and (ii) Home Sales and Rentals Operations. The Property Operations segment owns and operates land lease Properties and the Home Sales and Rentals Operations segment purchases, sells and leases homes at the Properties. The distribution of the Properties throughout the United States reflects our belief that geographic diversification helps insulate the portfolio from regional economic influences.

All revenues were from external customers and there is no customer who contributed 10% or more of our total revenues during the quarters and six months ended ended June 30, 2022 or 2021.

The following tables summarize our segment financial information for the quarters and six months ended June 30, 2022 and 2021:

Quarter Ended June 30, 2022

(amounts in thousands)	Property Operations	Home Sales and Rentals Operations	Consolidated
Operations revenues	$ 320,888	$ 40,078	$ 360,966
Operations expenses	(171,960)	(34,635)	(206,595)
Income from segment operations	148,928	5,443	154,371
Interest income	1,381	341	1,722
Depreciation and amortization	(48,297)	(2,499)	(50,796)
Income from operations	$ 102,012	$ 3,285	$ 105,297
Reconciliation to consolidated net income:			
Corporate interest income			—
Income from other investments, net			2,617
General and administrative			(11,695)
Other expenses			(4,189)
Interest and related amortization			(28,053)
Equity in income of unconsolidated joint ventures			1,253
Early debt retirement			(640)
Consolidated net income			$ 64,590
Total assets	$ 5,150,884	$ 248,704	$ 5,399,588
Capital improvements	$ 64,690	$ 32,698	$ 97,388

Note 12 – Reportable Segments (continued)

Quarter Ended June 30, 2021

(amounts in thousands)	Property Operations	Home Sales and Rentals Operations	Consolidated
Operations revenues	$ 297,847	$ 29,293	$ 327,140
Operations expenses	(153,136)	(26,726)	(179,862)
Income from segment operations	144,711	2,567	147,278
Interest income	1,252	468	1,720
Depreciation and amortization	(45,631)	(2,685)	(48,316)
Income (loss) from operations	$ 100,332	$ 350	$ 100,682
Reconciliation to consolidated net income:			
Corporate interest income			22
Income from other investments, net			1,222
General and administrative			(10,228)
Other expenses			(800)
Interest and related amortization			(27,131)
Equity in income of unconsolidated joint ventures			1,068
Early debt retirement			(755)
Consolidated net income			$ 64,080
Total assets	$ 4,566,507	$ 257,500	$ 4,824,007
Capital improvements	$ 41,306	$ 21,639	$ 62,945

Six Months Ended June 30, 2022

(amounts in thousands)	Property Operations	Home Sales and Rentals Operations	Consolidated
Operations revenues	$ 646,327	$ 71,178	$ 717,505
Operations expenses	(326,964)	(62,463)	(389,427)
Income from segment operations	319,363	8,715	328,078
Interest income	2,758	721	3,479
Depreciation and amortization	(95,174)	(5,016)	(100,190)
Income (loss) from operations	$ 226,947	$ 4,420	$ 231,367
Reconciliation to consolidated net income:			
Corporate interest income			2
Income from other investments, net			4,521
General and administrative			(23,992)
Other expenses			(5,009)
Interest and related amortization			(55,517)
Equity in income of unconsolidated joint ventures			1,424
Early debt retirement			(1,156)
Consolidated net income			$ 151,640
Total assets	$ 5,150,884	$ 248,704	$ 5,399,588
Capital improvements	$ 119,680	$ 61,355	$ 181,035

Note 12 – Reportable Segments (continued)

Six Months Ended June 30, 2021

(amounts in thousands)	Property Operations	Home Sales and Rentals Operations	Consolidated
Operations revenues	$ 578,927	$ 49,238	$ 628,165
Operations expenses	(286,198)	(44,302)	(330,500)
Income from segment operations	292,729	4,936	297,665
Interest income	2,400	1,083	3,483
Depreciation and amortization	(88,409)	(5,305)	(93,714)
Loss on sale of real estate, net	(59)	—	(59)
Income (loss) from operations	$ 206,661	$ 714	$ 207,375
Reconciliation to consolidated net income:			
Corporate interest income			26
Income from other investments, net			2,158
General and administrative			(20,740)
Other expenses			(1,498)
Interest and related amortization			(53,406)
Equity in income of unconsolidated joint ventures			1,936
Early debt retirement			(2,784)
Consolidated net income			$ 133,067
Total assets	$ 4,566,507	$ 257,500	$ 4,824,007
Capital improvements	$ 77,774	$ 41,949	$ 119,723

The following table summarizes our financial information for the Property Operations segment for the quarters and six months ended June 30, 2022 and 2021:

	Quarters Ended June 30,		Six Months Ended June 30,	
(amounts in thousands)	2022	2021	2022	2021
Revenues:				
Rental income	$ 271,516	$ 251,420	$ 552,620	$ 496,149
Annual membership subscriptions	15,592	14,267	30,749	27,921
Membership upgrade sales current period, gross	9,535	9,207	16,686	19,221
Membership upgrade sales upfront payments, deferred, net	(6,367)	(6,454)	(10,451)	(13,881)
Other income	14,195	14,185	27,736	24,706
Gross revenues from ancillary services	16,417	15,222	28,987	24,811
Total property operations revenues	320,888	297,847	646,327	578,927
Expenses:				
Property operating and maintenance	113,081	101,351	215,671	188,981
Real estate taxes	19,182	17,896	38,639	35,746
Sales and marketing, gross	6,409	6,298	11,323	12,474
Membership sales commissions, deferred, net	(957)	(1,438)	(1,540)	(2,937)
Cost of ancillary services	9,138	7,725	14,874	11,615
Ancillary operating expenses	6,008	4,744	11,027	8,379
Property management	19,099	16,560	36,970	31,940
Total property operations expenses	171,960	153,136	326,964	286,198
Income from property operations segment	$ 148,928	$ 144,711	$ 319,363	$ 292,729

Note 12 – Reportable Segments (continued)

The following table summarizes our financial information for the Home Sales and Rentals Operations segment for the quarters and six months ended June 30, 2022 and 2021:

	Quarters Ended June 30,		Six Months Ended June 30,	
(amounts in thousands)	**2022**	**2021**	**2022**	**2021**
Revenues:				
Rental income [(a)]	$ 3,814	$ 4,278	$ 7,775	$ 8,571
Gross revenue from home sales and brokered resales	36,264	25,015	63,403	40,667
Total revenues	40,078	29,293	71,178	49,238
Expenses:				
Rental home operating and maintenance	1,226	1,312	2,628	2,555
Cost of home sales and brokered resales	31,833	24,068	56,796	39,095
Home selling expenses	1,576	1,346	3,039	2,652
Total expenses	34,635	26,726	62,463	44,302
Income from home sales and rentals operations segment	$ 5,443	$ 2,567	$ 8,715	$ 4,936

(a) Rental income within Home Sales and Rentals Operations does not include base rent related to the rental home Sites. Base rent is included within property operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes thereto included in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Form 10-K"), as well as information in Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2021 Form 10-K.

Overview and Outlook

We are a self-administered and self-managed real estate investment trust ("REIT") with headquarters in Chicago, Illinois. We are a fully integrated owner of lifestyle-oriented properties ("Properties") consisting of property operations and home sales and rental operations primarily within manufactured home ("MH") and recreational vehicle ("RV") communities and marinas. As of June 30, 2022, we owned or had an ownership interest in a portfolio of 449 Properties located throughout the United States and Canada containing 170,880 individual developed areas ("Sites"). These Properties are located in 35 states and British Columbia, with more than 110 Properties with lake, river or ocean frontage and more than 120 Properties within 10 miles of the coastal United States.

We invest in properties in sought-after locations near retirement and vacation destinations and urban areas across the United States with a focus on delivering an exceptional experience to our residents and guests that results in delivery of value to stockholders. Our business model is intended to provide an opportunity for increased cash flows and appreciation in value. We seek growth in earnings, Funds from Operations ("FFO"), Normalized Funds from Operations ("Normalized FFO") and cash flows by enhancing the profitability and operation of our Properties and investments. We accomplish this by attracting and retaining high quality customers to our Properties, who take pride in our Properties and in their homes, and efficiently managing our Properties by increasing occupancy, maintaining competitive market rents and controlling expenses. We also actively pursue opportunities that fit our acquisition criteria and are currently engaged in various stages of negotiations relating to the possible acquisition of additional properties.

We believe the demand from baby boomers for MH and RV communities will continue to be strong over the long term. It is estimated that approximately 10,000 baby boomers are turning 65 daily through 2030. In addition, the population age 55 and older is expected to grow 17% within the next 15 years. These individuals, seeking an active lifestyle, will continue to drive the market for second-home sales as vacation properties, investment opportunities or retirement retreats. We expect it is likely that over the next decade, we will continue to see high levels of second-home sales and that manufactured homes and cottages in our Properties will continue to provide a viable second-home alternative to site-built homes. We also believe the Millennial and Generation Z demographic will contribute to our future long-term customer pipeline. After conducting a comprehensive study of RV ownership, according to the Recreational Vehicle Industry Association ("RVIA"), data suggested that RV sales are expected to benefit from an increase in demand from those born in the United States from 1980 to 2003, or Millennials and Generation Z, over the coming years. We believe the demand from baby boomers and these younger generations will continue to outpace supply for MH and RV communities. The entitlement process to develop new MH and RV communities is extremely restrictive. As a result, there have been limited new communities developed in our target geographic markets.

We generate the majority of our revenues from customers renting our Sites or entering into right-to-use contracts, also known as membership subscriptions, which provide them access to specific Properties for limited stays. MH Sites are generally leased on an annual basis to residents who own or lease factory-built homes, including manufactured homes. Annual RV and marina Sites are leased on an annual basis to customers who generally have an RV, factory-built cottage, boat or other unit placed on the site, including those Northern properties that are open for the summer season. Seasonal RV and marina Sites are leased to customers generally for one to six months. Transient RV and marina Sites are leased to customers on a short-term basis. The revenue from seasonal and transient Sites is generally higher during the first and third quarters. We consider the transient revenue stream to be our most volatile as it is subject to weather conditions and other factors affecting the marginal RV customer's vacation and travel preferences. We also generate revenue from customers renting our marina dry storage. Additionally, we have interests in joint venture Properties for which revenue is classified as Equity in income from unconsolidated joint ventures on the Consolidated Statements of Income and Comprehensive Income.

The following table shows the breakdown of our Sites by type (amounts are approximate):

	Total Sites as of June 30, 2022
MH Sites	73,400
RV Sites:	
Annual	34,200
Seasonal	12,700
Transient	14,900
Marina Slips	6,900
Membership [1]	25,800
Joint Ventures [2]	3,000
Total	170,900

(1) Primarily utilized to service approximately 131,000 members. Includes approximately 6,300 Sites rented on an annual basis.
(2) Includes approximately 1,800 annual Sites and 1,200 transient Sites.

In our Home Sales and Rentals Operations business, our revenue streams include home sales, home rentals and brokerage services and ancillary activities. We generate revenue through home sales and rental operations by selling or leasing manufactured homes and cottages that are located in Properties owned and managed by us. We believe renting our vacant homes represents an attractive source of occupancy and an opportunity to convert the renter to a homebuyer in the future. We also sell and rent homes through our joint venture, ECHO Financing, LLC (the “ECHO JV”). Additionally, home sale brokerage services are offered to our residents who may choose to sell their homes rather than relocate them when moving from a Property. At certain Properties, we operate ancillary facilities, such as golf courses, pro shops, stores and restaurants.

In the manufactured housing industry, options for home financing, also known as chattel financing, are limited. Chattel financing options available today include community owner-funded programs or third-party lender programs that provide subsidized financing to customers and often require the community owner to guarantee customer defaults. Third-party lender programs have stringent underwriting criteria, sizable down payment requirements, short term loan amortization and high interest rates. We have a limited program under which we purchase loans made by an unaffiliated lender to homebuyers at our Properties.

In addition to net income computed in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), we assess and measure our overall financial and operating performance using certain Non-GAAP supplemental measures, which include: (i) FFO, (ii) Normalized FFO, (iii) Income from property operations, (iv) Income from property operations, excluding deferrals and property management, (v) Core Portfolio income from property operations, excluding deferrals and property management (operating results for Properties owned and operated in both periods under comparison), and (vi) Income from rental operations, net of depreciation. We use these measures internally to evaluate the operating performance of our portfolio and provide a basis for comparison with other real estate companies. Definitions and reconciliations of these measures to the most comparable GAAP measures are included below in this discussion.

COVID-19 Pandemic Update

Since the COVID-19 pandemic began, we have taken actions to prioritize the safety and security of our employees, residents and customers, while maintaining our high-quality standards in service to our residents and customers. We have implemented and may continue to implement Centers for Disease Control and Prevention (“CDC”) and local public health department guidelines and protocols for social distancing and enhanced community and office cleaning procedures. Our Properties continue to be open subject to seasons of operations and state and local guidelines. Our property offices are open to residents and customers and we are complying with CDC recommended protocols.

We attribute the solid performance of our business to the fundamentals of our business model. The property locations and the lifestyle we offer have broad appeal to customers interested in enjoying an outdoor experience. We believe this is particularly relevant in a COVID-19 impacted environment. We intend to continue to monitor the evolving situation and we may take further actions that alter our business operations as may be required and that are in the best interests of our employees, residents, customers and shareholders. The extent of the impact that COVID-19 will have on our business going forward, including our financial condition, results of operations and cash flows, is dependent on multiple factors, many of which are unknown.

Results Overview

For the quarter ended June 30, 2022, net income available for Common Stockholders increased $0.4 million to $61.5 million, or $0.33 per fully diluted Common Share, compared to $61.1 million, or $0.33 per fully diluted Common Share, for the same period in 2021. For the six months ended June 30, 2022, net income available for Common Stockholders increased $18.1 million, or $0.09 per fully diluted Common Share, to $144.4 million, or $0.78 per fully diluted Common Share, compared to $126.3 million, or $0.69 per fully diluted Common Share, for the same period in 2021.

For the quarter ended June 30, 2022, FFO available for Common Stock and Operating Partnership unit ("OP Unit") holders increased $4.0 million, or $0.01 per fully diluted Common Share, to $121.6 million, or $0.62 per fully diluted Common Share, compared to $117.6 million, or $0.61 per fully diluted Common Share, for the same period in 2021. For the six months ended June 30, 2022, FFO available for Common Stock and OP Unit holders increased $24.4 million, or $0.10 per fully diluted Common Share, to $262.5 million, or $1.34 per fully diluted Common Share, compared to $238.1 million, or $1.24 per fully diluted Common Share, for the same period in 2021.

For the quarter ended June 30, 2022, Normalized FFO available for Common Stock and OP Unit holders increased $7.0 million, or $0.03 per fully diluted Common Share, to $125.3 million, or $0.64 per fully diluted Common Share, compared to $118.3 million, or $0.61 per fully diluted Common Share, for the same period in 2021. For the six months ended June 30, 2022, Normalized FFO available for Common Stock and OP Unit holders increased $25.8 million, or $0.12 per fully diluted Common Share, to $266.7 million or $1.37 per fully diluted Common Share, compared $240.9 million, or $1.25 per fully diluted Common Share, for the same period 2021.

For the quarter ended June 30, 2022, our Core Portfolio property operating revenues, excluding deferrals, increased 4.9% and property operating expenses, excluding deferrals and property management, increased 7.0%, from the same period in 2021, resulting in an increase in income from property operations, excluding deferrals and property management, of 3.3%, compared to the same period in 2021. For the six months ended June 30, 2022, our Core Portfolio property operating revenues, excluding deferrals, increased 7.2% and property operating expenses, excluding deferrals and property management, increased 8.6%, from the same period in 2021, resulting in an increase in income from property operations, excluding deferrals and property management, of 6.2% compared to the same period in 2021.

We continue to focus on the quality of occupancy growth by increasing the number of manufactured homeowners in our Core Portfolio. Our Core Portfolio average occupancy includes both homeowners and renters in our MH communities and was 95.1% for each of the quarters ended June 30, 2022, December 31, 2021 and June 30, 2021. For the quarter ended June 30, 2022, our Core Portfolio occupancy increased by 59 sites with an increase in homeowner occupancy of 252 sites, compared to occupancy as of March 31, 2022. By comparison, for the quarter ended June 30, 2021, our Core Portfolio occupancy increased 74 sites with an increase in homeowner occupancy of 185 sites. While we continue to focus on increasing the number of manufactured homeowners in our Core Portfolio, we also believe renting our vacant homes represents an attractive source of occupancy and an opportunity to potentially convert the renter to a new homebuyer in the future. We continue to expect there to be fluctuations in the sources of occupancy gains depending on local market conditions, availability of vacant sites and success with converting renters to homeowners. As of June 30, 2022, we had 3,117 occupied rental homes in our Core MH communities, including 185 homes rented through our ECHO JV.

RV and marina base rental income in our Core Portfolio increased 6.6% and 13.9% for the quarter ended June 30, 2022 and six months ended June 30, 2022, respectively, compared to the same periods in 2021 driven by annual and seasonal rental income. Core RV and marina base rental income from annuals represents more than 60% of total Core RV and marina base rental income and increased 9.1% and 8.9% for the quarter ended June 30, 2022 and six months ended June 30, 2022, respectively, compared to the same period in 2021. Core seasonal RV and marina base rental income increased 30.6% and 54.1% for the quarter ended June 30, 2022 and six months ended June 30, 2022, respectively, compared to the same periods in 2021. Core transient RV and marina base rental income decreased by $1.4 million, or 6.6% for the quarter ended June 30, 2022, compared to the same period in 2021 and increased $1.3 million or 3.7% for the six months ended June 30, 2022, compared to the same period in 2021.

Annual membership subscription revenue increased $1.3 million, or 9.3% for the quarter ended June 30, 2022 and $2.8 million, or 10.1% for the six months ended June 30, 2022, compared to the same periods in 2021. The increase in annual membership subscription revenue for the six months ended June 30, 2022 compared to the six months ended June 30, 2021 was primarily offset by a decrease in Membership upgrade sales current period, gross of $2.5 million, or 13.2%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

Demand for our homes and communities remains strong as evidenced by factors including our high occupancy levels. We closed 365 new home sales during the quarter ended June 30, 2022, compared to 295 new home sales during the quarter ended June 30, 2021, an increase of 23.7%. We closed 626 new home sales during the six months ended June 30, 2022, compared to 487 new home sales during the six months ended June 30, 2021, an increase of 28.5%. The increase in new home sales was primarily due to favorable housing trends in the broader real estate market.

Our gross investment in real estate increased $253.5 million to $7,242.6 million as of June 30, 2022 from $6,989.1 million as of December 31, 2021, primarily due to acquisitions and capital improvements during the six months ended June 30, 2022.

The following chart lists the Properties acquired or sold from January 1, 2021 through June 30, 2022 and Sites added through expansion opportunities at our existing Properties:

	Location	Type of Property	Transaction Date	Sites
Total Sites as of January 1, 2021 [1]				**160,500**
Acquisition Properties:				
Okeechobee KOA Resort	Okeechobee, Florida	RV	January 21, 2021	740
Cortez Village Marina	Cortez, Florida	Marina	February 5, 2021	353
Fish Tale Marina	Fort Myers Beach, Florida	Marina	February 5, 2021	296
Hi-Lift Marina	Adventure, Florida	Marina	February 5, 2021	211
Hidden Harbour Marina	Pompano Beach, Florida	Marina	February 5, 2021	357
Inlet Harbor Marina	Ponce Inlet, Florida	Marina	February 5, 2021	295
Palm Harbour Marina	Cape Haze, Florida	Marina	February 5, 2021	260
Riverwatch Marina	Stuart, Florida	Marina	February 5, 2021	306
Boathouse Marina	Beaufort, North Carolina	Marina	February 5, 2021	547
Dale Hollow State Park Marina	Burkesville, Kentucky	Marina	February 5, 2021	198
Bay Point Marina	Marblehead, Ohio	Marina	February 5, 2021	841
Rivers Edge Marina	North Charleston, South Carolina	Marina	February 5, 2021	503
Pine Haven	Cape May, New Jersey	RV	June 3, 2021	629
Myrtle Beach Property [2]	Myrtle Beach, South Carolina	RV	August 26, 2021	813
Voyager RV Resort [3]	Tucson, Arizona	RV	October 14, 2021	—
RVC Portfolio	Multiple	Unconsolidated JV	November 1, 2021	988
Hope Valley	Turner, Oregon	RV	November 18, 2021	164
Lake Conroe	Montgomery, Texas	RV	December 15, 2021	261
Blue Mesa Recreational Ranch	Gunnison, Colorado	Membership	February 18, 2022	385
Pilot Knob RV Resort	Winterhaven, California	RV	February 18, 2022	247
Holiday Trav-L-Park Resort	Emerald Isle, North Carolina	RV	June 15, 2022	299
Oceanside RV Resort	Oceanside, California	RV	June 16, 2022	139
Expansion Site Development:				
Sites added (reconfigured) in 2021				1,037
Sites added (reconfigured) in 2022				514
Total Sites as of June 30, 2022 [1]				**170,900**

(1) Sites are approximate. Total does not foot due to rounding.
(2) RV community operated by a tenant pursuant to an existing ground lease.
(3) On October 14, 2021, we completed the acquisition of the remaining interest in the Voyager RV Resort joint venture. The Voyager RV Resort joint venture sites are included in the Total Sites as of January 1, 2021.

Non-GAAP Financial Measures

Management’s discussion and analysis of financial condition and results of operations include certain Non-GAAP financial measures that in management’s view of the business are meaningful as they allow investors the ability to understand key operating details of our business both with and without regard to certain accounting conventions or items that may not always be indicative of recurring annual cash flows of the portfolio. These Non-GAAP financial measures as determined and presented by us may not be comparable to similarly titled measures reported by other companies, and include income from property operations and Core Portfolio, FFO, Normalized FFO and income from rental operations, net of depreciation.

We believe investors should review Income from property operations and Core Portfolio, FFO, Normalized FFO and Income from rental operations, net of depreciation, along with GAAP net income and cash flow from operating activities, investing activities and financing activities, when evaluating an equity REIT’s operating performance. A discussion of Income from property operations and Core Portfolio, FFO, Normalized FFO and Income from rental operations, net of depreciation, and a reconciliation to net income, are included below.

Income from Property Operations and Core Portfolio

We use income from property operations, income from property operations, excluding deferrals and property management, and Core Portfolio income from property operations, excluding deferrals and property management, as alternative measures to evaluate the operating results of our Properties. Income from property operations represents rental income, membership subscriptions and upgrade sales, utility and other income less property and rental home operating and maintenance expenses, real estate taxes, sales and marketing expenses and property management expenses. Income from property operations, excluding deferrals and property management, represents income from property operations excluding property management expenses and the impact of the GAAP deferrals of membership upgrade sales upfront payments and membership sales commissions, net. We present bad debt expense within Property operating and maintenance in the current and prior periods.

Our Core Portfolio consists of our Properties owned and operated during all of 2021 and 2022. Core Portfolio income from property operations, excluding deferrals and property management, is useful to investors for annual comparison as it removes the fluctuations associated with acquisitions, dispositions and significant transactions or unique situations. Our Non-Core Portfolio includes all Properties that were not owned and operated during all of 2021 and 2022. This includes, but is not limited to, six RV communities and eleven marinas acquired during 2021, one membership RV community and three RV communities acquired during 2022 and our Westwinds MH community and Nicholson Plaza.

Funds from Operations ("FFO") and Normalized Funds from Operations ("Normalized FFO")

We define FFO as net income, computed in accordance with GAAP, excluding gains or losses from sales of properties, depreciation and amortization related to real estate, impairment charges and adjustments to reflect our share of FFO of unconsolidated joint ventures. Adjustments for unconsolidated 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 non-refundable upfront payments from membership upgrade contracts. In accordance with GAAP, the non-refundable upfront payments and related commissions are deferred and amortized over the estimated membership upgrade contract term. Although the NAREIT definition of FFO does not address the treatment of non-refundable upfront payments, we believe that it is appropriate to adjust for the impact of the deferral activity in our calculation of FFO.

We define Normalized FFO as FFO excluding non-operating income and expense items, such as gains and losses from early debt extinguishment, including prepayment penalties, defeasance costs and transaction/pursuit costs, and 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.

We believe that FFO and Normalized FFO are helpful to investors as supplemental measures of the performance of an equity REIT. We believe that by excluding the effect of gains or losses from sales of properties, depreciation and amortization related to real estate and impairment charges, 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 normal operations. For example, we believe that excluding the early extinguishment of debt and other miscellaneous non-comparable items from 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 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.

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 flows 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.

The following table reconciles net income available for Common Stockholders to income from property operations for the quarters and six months ended June 30, 2022 and 2021:

	Quarters Ended June 30,		Six Months Ended June 30,	
(amounts in thousands)	2022	2021	2022	2021
Computation of Income from Property Operations:				
Net income available for Common Stockholders	$ 61,509	$ 61,051	$ 144,415	$ 126,291
Redeemable preferred stock dividends	8	8	8	8
Income allocated to non-controlling interests – Common OP Units	3,073	3,021	7,217	6,768
Equity in income of unconsolidated joint ventures	(1,253)	(1,068)	(1,424)	(1,936)
Income before equity in income of unconsolidated joint ventures	63,337	63,012	150,216	131,131
Loss on sale of real estate, net	—	—	—	59
Total other expenses, net	91,034	84,266	177,862	166,475
Gain from home sales operations and other	(4,126)	(2,354)	(6,654)	(3,737)
Income from property operations	$ 150,245	$ 144,924	$ 321,424	$ 293,928

The following table presents a calculation of FFO available for Common Stock and OP Unitholders and Normalized FFO available for Common Stock and OP Unitholders for the quarters and six months ended June 30, 2022 and 2021:

	Quarters Ended June 30,		Six Months Ended June 30,	
(amounts in thousands)	2022	2021	2022	2021
Computation of FFO and Normalized FFO:				
Net income available for Common Stockholders	$ 61,509	$ 61,051	$ 144,415	$ 126,291
Income allocated to non-controlling interests – Common OP Units	3,073	3,021	7,217	6,768
Membership upgrade sales upfront payments, deferred, net	6,367	6,454	10,451	13,881
Membership sales commissions, deferred, net	(957)	(1,438)	(1,540)	(2,937)
Depreciation and amortization	50,796	48,316	100,190	93,714
Depreciation on unconsolidated joint ventures	835	184	1,776	367
Loss on sale of real estate, net	—	—	—	59
FFO available for Common Stock and OP Unit holders	121,623	117,588	262,509	238,143
Early debt retirement	640	755	1,156	2,784
Transaction/pursuit costs [1]	$ 3,082	$ —	$ 3,082	$ —
Normalized FFO available for Common Stock and OP Unit holders	$ 125,345	$ 118,343	$ 266,747	$ 240,927
Weighted average Common Shares outstanding – Fully Diluted	195,227	192,701	195,253	192,668

(1) Represents transaction/pursuit costs related to unconsummated acquisitions included in Other expenses in the Consolidated Statements of Income.

Results of Operations

This section discusses the comparison of our results of operations for the quarters and six months ended June 30, 2022 and June 30, 2021 and our operating activities, investing activities and financing activities for the six months ended June 30, 2022 and June 30, 2021. For the comparison of our results of operations for the quarters and six months ended June 30, 2021 and June 30, 2020 and discussion of our operating activities, investing activities and financing activities for the six months ended June 30, 2021 and June 30, 2020, refer to Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2021, filed with the SEC on July 27, 2021.

Comparison of the quarter ended June 30, 2022 to the quarter ended June 30, 2021

Income from Property Operations

The following table summarizes certain financial and statistical data for our Core Portfolio and total portfolio for the quarters ended June 30, 2022 and June 30, 2021:

	Core Portfolio Quarters Ended June 30,				Total Portfolio Quarters Ended June 30,			
(amounts in thousands)	2022	2021	Variance	% Change	2022	2021	Variance	% Change
MH base rental income [(1)]	$ 155,763	$ 147,350	$ 8,413	5.7 %	$ 158,689	$ 150,145	$ 8,544	5.7 %
Rental home income [(1)]	3,804	4,271	(467)	(10.9)%	3,814	4,278	(464)	(10.8)%
RV and marina base rental income [(1)]	87,390	81,958	5,432	6.6 %	98,338	89,008	9,330	10.5 %
Annual membership subscriptions	15,395	14,266	1,129	7.9 %	15,592	14,267	1,325	9.3 %
Membership upgrades sales current period, gross	9,322	9,207	115	1.2 %	9,535	9,207	328	3.6 %
Utility and other income [(1)]	26,122	26,850	(728)	(2.7)%	29,823	28,205	1,618	5.7 %
Property operating revenues, excluding deferrals	297,796	283,902	13,894	4.9 %	315,791	295,110	20,681	7.0 %
Property operating and maintenance [(1)(2)]	106,922	98,882	8,040	8.1 %	114,220	103,104	11,116	10.8 %
Real estate taxes	16,718	16,167	551	3.4 %	19,182	17,896	1,286	7.2 %
Rental home operating and maintenance	1,220	1,285	(65)	(5.1)%	1,226	1,312	(86)	(6.6)%
Sales and marketing, gross	6,345	6,297	48	0.8 %	6,409	6,298	111	1.8 %
Property operating expenses, excluding deferrals and property management	131,205	122,631	8,574	7.0 %	141,037	128,610	12,427	9.7 %
Income from property operations, excluding deferrals and property management [(3)]	166,591	161,271	5,320	3.3 %	174,754	166,500	8,254	5.0 %
Property management	19,099	16,560	2,539	15.3 %	19,099	16,560	2,539	15.3 %
Income from property operations, excluding deferrals [(3)]	147,492	144,711	2,781	1.9 %	155,655	149,940	5,715	3.8 %
Membership upgrade sales upfront payments and membership sales commission, deferred, net	5,410	5,016	394	7.9 %	5,410	5,016	394	7.9 %
Income from property operations [(3)]	$ 142,082	$ 139,695	$ 2,387	1.7 %	$ 150,245	$ 144,924	$ 5,321	3.7 %

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(1) Rental income consists of the following total portfolio income items in this table: 1) MH base rental income, 2) Rental home income, 3) RV and marina base rental income and 4) Utility income, which is calculated by subtracting Other income on the Consolidated Statements of Income and Comprehensive Income from Utility and other income in this table. The difference between the sum of the total portfolio income items and Rental income on the Consolidated Statements of Income and Comprehensive Income is bad debt expense, which is presented in Property operating and maintenance expense in this table.

(2) Includes bad debt expense for all periods presented.

(3) See Part I. Item 2. Management Discussion and Analysis—Non-GAAP Financial Measures for definitions and reconciliations of these Non-GAAP measures to Net Income available for Common Shareholders.

Total portfolio income from property operations for the quarter ended June 30, 2022, increased $5.3 million, or 3.7%, from the quarter ended June 30, 2021, driven by an increase of $2.4 million, or 1.7%, from our Core Portfolio and an increase of $2.9 million from our Non-Core Portfolio. The increase in income from property operations from our Core Portfolio was primarily due to higher property operating revenues, excluding deferrals, primarily in RV and marina base rental income and MH base rental income, partially offset by an increase in property operating expenses, excluding deferrals and property management. The increase in income from property operations from our Non-Core Portfolio was primarily attributed to income from properties acquired in 2021 and the first half of 2022.

Property Operating Revenues

MH base rental income in our Core Portfolio for the quarter ended June 30, 2022 increased $8.4 million, or 5.7%, from the quarter ended June 30, 2021, which reflects 5.3% growth from rate increases and 0.4% growth from occupancy gains. The average monthly base rental income per Site in our Core Portfolio increased to approximately $753 for the quarter ended June 30, 2022 from approximately $716 for the quarter ended June 30, 2021. The average occupancy for our Core Portfolio was 95.1% for the quarters ended June 30, 2022 and June 30, 2021. The average occupancy rate decreased slightly due to the addition of expansion sites.

RV and marina base rental income is comprised of the following:

	Core Portfolio Quarters Ended June 30,				Total Portfolio Quarters Ended June 30,			
(amounts in thousands)	**2022**	**2021**	**Variance**	**% Change**	**2022**	**2021**	**Variance**	**% Change**
Annual	$ 57,403	$ 52,615	$ 4,788	9.1 %	$ 66,653	$ 58,748	$ 7,905	13.5 %
Seasonal	9,034	6,915	2,119	30.6 %	9,473	7,447	2,026	27.2 %
Transient	20,953	22,428	(1,475)	(6.6)%	22,212	22,813	(601)	(2.6)%
RV and marina base rental income	$ 87,390	$ 81,958	$ 5,432	6.6 %	$ 98,338	$ 89,008	$ 9,330	10.5 %

RV and marina base rental income in our Core Portfolio for the quarter ended June 30, 2022 increased $5.4 million, or 6.6%, from the quarter ended June 30, 2021, driven by an increase in Annual and Seasonal RV and marina base rental income that was partially offset by a decrease in Transient rental income. The increase in Annual RV and marina base rental income of 9.1% was seen across all regions with the South, West and Northeast being the primary contributors. The increase in Seasonal RV and marina base rental income of 30.6% was driven by demand for extended stays, mainly in Florida. The decrease in Transient RV and marina base rental income of 6.6% was due to difficult weather in April and May and an increase in longer stays which reduced the number of Transient sites available.

Annual membership subscription revenue in our Core Portfolio for the quarter ended June 30, 2022 increased $1.1 million, or 7.9%, from the quarter ended June 30, 2021, reflecting a 6.5% increase in the number of Thousand Trails Camping members.

Utility and other income in our Core Portfolio for the quarter ended June 30, 2022 decreased $0.7 million, or 2.7%, from the quarter ended June 30, 2021. The decrease was due to a decrease of $2.3 million in other property income related to Hurricane Hanna insurance proceeds received in 2021 partially offset by higher utility income of $1.3 million. The increase in utility income was primarily due to an increase in electric income across the South and West, sewer income in all regions and trash income in the South. The utility recovery rate (utility income divided by utility expenses) for the quarters ended June 30, 2022 and 2021 was approximately 44% and 43%, respectively.

Property Operating Expenses

Property operating expenses, excluding deferrals and property management, in our Core Portfolio for the quarter ended June 30, 2022 increased $8.6 million, or 7.0%, from the quarter ended June 30, 2021, driven by increases in property operating and maintenance expenses of $8.0 million and real estate taxes of $0.6 million. Core property operating and maintenance expenses were higher in 2022 primarily due to increases in utility expenses of $2.8 million, repair and maintenance of $2.6 million, property payroll of $1.8 million and administrative expenses of $1.4 million.

Home Sales and Rental Operations

Home Sales and Other

The following table summarizes certain financial and statistical data for our Home Sales and Other Operations:

	Quarters Ended June 30,			
(amounts in thousands, except home sales volumes)	**2022**	**2021**	**Variance**	**% Change**
Gross revenues from new home sales [1]	$ 33,848	$ 23,320	$ 10,528	45.1 %
Cost of new home sales [1]	30,020	22,243	7,777	35.0 %
Gross profit from new home sales	3,828	1,077	2,751	255.4 %
Gross revenues from used home sales	1,367	1,107	260	23.5 %
Cost of used home sales	1,437	1,613	(176)	(10.9)%
Loss from used home sales	(70)	(506)	436	86.2 %
Gross revenue from brokered resales and ancillary services	17,466	15,810	1,656	10.5 %
Cost of brokered resales and ancillary services	9,514	7,937	1,577	19.9 %
Gross profit from brokered resales and ancillary services	7,952	7,873	79	1.0 %
Home selling and ancillary operating expenses	7,584	6,090	1,494	24.5 %
Income from home sales and other	$ 4,126	$ 2,354	$ 1,772	75.3 %
Home sales volumes				
Total new home sales [2]	365	295	70	23.7 %
New Home Sales Volume - ECHO JV	*29*	*16*	*13*	*81.3 %*
Used home sales	97	108	(11)	(10.2)%
Brokered home resales	263	212	51	24.1 %

(1) New home sales gross revenues and costs of new home sales do not include the revenues and costs associated with our ECHO JV.
(2) Total new home sales volume includes home sales from our ECHO JV.

Income from home sales and other operations was $4.1 million for the second quarter of 2022, an increase of $1.8 million, compared to $2.4 million in the second quarter of 2021. The increase in income from home sales and other operations was primarily due to an increase in gross profit from new home sales resulting from an increase of 70 new home sales during the second quarter of 2022 compared to the second quarter of 2021, primarily driven by favorable housing trends in the broader real estate market.

Rental Operations

The following table summarizes certain financial and statistical data for our MH Rental Operations:

	Quarters Ended June 30,			
(amounts in thousands, except rental unit volumes)	**2022**	**2021**	**Variance**	**% Change**
Rental operations revenue [1]	$ 10,868	$ 12,357	$ (1,489)	(12.0)%
Rental home operating and maintenance expenses	1,220	1,285	(65)	(5.1)%
Income from rental operations	9,648	11,072	(1,424)	(12.9)%
Depreciation on rental homes [2]	2,499	2,685	(186)	(6.9)%
Income from rental operations, net of depreciation	$ 7,149	$ 8,387	$ (1,238)	(14.8)%
Gross investment in new manufactured home rental units [3]	$ 221,251	$ 230,774	$ (9,523)	(4.1)%
Gross investment in used manufactured home rental units	$ 14,571	$ 17,753	$ (3,182)	(17.9)%
Net investment in new manufactured home rental units	$ 184,101	$ 196,494	$ (12,393)	(6.3)%
Net investment in used manufactured home rental units	$ 6,076	$ 11,688	$ (5,612)	(48.0)%
Number of occupied rentals – new, end of period [4]	2,742	3,305	(563)	(17.0)%
Number of occupied rentals – used, end of period	375	491	(116)	(23.6)%

(1) Consists of Site rental income and home rental income. Approximately $7.1 million and $8.1 million for the quarters ended June 30, 2022 and June 30, 2021, respectively, of Site rental income is included in MH base rental income in the Core Portfolio Income from Property Operations table. The remainder of home rental income is included in rental home income in our Core Portfolio Income from Property Operations table.
(2) Presented in Depreciation and amortization in the Consolidated Statements of Income and Comprehensive Income.
(3) New home cost basis does not include the costs associated with our ECHO JV. Our investment in the ECHO JV was $18.7 million and $17.7 million as of June 30, 2022 and June 30, 2021, respectively.
(4) Includes 185 and 282 homes rented through our ECHO JV as of June 30, 2022 and 2021, respectively.

Income from rental operations, net of depreciation, decreased $1.2 million during the second quarter of 2022, compared to the second quarter of 2021, primarily due to a decrease in rental operations revenues as a result of a decrease in the number of new occupied rentals.

Other Income and Expenses

The following table summarizes other income and expenses, net:

	Quarters Ended June 30,			
(amounts in thousands, expenses shown as negative)	**2022**	**2021**	**Variance**	**% Change**
Depreciation and amortization	$ (50,796)	$ (48,316)	$ (2,480)	(5.1)%
Interest income	1,722	1,742	(20)	(1.1)%
Income from other investments, net	2,617	1,222	1,395	114.2 %
General and administrative	(11,695)	(10,228)	(1,467)	(14.3)%
Other expenses	(4,189)	(800)	(3,389)	(423.6)%
Early debt retirement	(640)	(755)	115	15.2 %
Interest and related amortization	(28,053)	(27,131)	(922)	(3.4)%
Total other income and expenses, net	$ (91,034)	$ (84,266)	$ (6,768)	(8.0)%

Total other income and expenses, net increased $6.8 million for the quarter ended June 30, 2022 compared to the quarter ended June 30, 2021, primarily due to an increase in other expenses, higher depreciation and amortization and an increase in general and administrative costs, partially offset by an increase in income from other investments. The increase in other expenses was primarily due to transaction/pursuit costs of $3.1 million related to unconsummated acquisitions recognized during the quarter. The increase in depreciation and amortization is due to depreciation on Non-core properties acquired in 2021 and the first half of 2022. The increase in income from other investments, net was primarily due to net income from MHVillage/Datacomp (acquired in the fourth quarter of 2021).

Comparison of the Six Months Ended June 30, 2022 to the Six Months Ended June 30, 2021

Income from Property Operations

The following table summarizes certain financial and statistical data for the Core Portfolio and the total portfolio for the six months ended June 30, 2022 and 2021.

	Core Portfolio Six Months Ended June 30,				Total Portfolio Six Months Ended June 30,			
(amounts in thousands)	2022	2021	Variance	% Change	2022	2021	Variance	% Change
MH base rental income [(1)]	$ 310,199	$ 293,556	$ 16,643	5.7 %	$ 316,025	$ 299,119	$ 16,906	5.7 %
Rental home income [(1)]	7,758	8,559	(801)	(9.4)%	7,775	8,571	(796)	(9.3)%
RV and marina base rental income [(1)]	183,792	161,361	22,431	13.9 %	207,102	172,596	34,506	20.0 %
Annual membership subscriptions	30,498	27,918	2,580	9.2 %	30,749	27,921	2,828	10.1 %
Membership upgrade sales current period, gross	16,437	19,221	(2,784)	(14.5)%	16,686	19,221	(2,535)	(13.2)%
Utility and other income [(1)]	52,436	50,306	2,130	4.2 %	59,866	52,923	6,943	13.1 %
Property operating revenues, excluding deferrals	601,120	560,921	40,199	7.2 %	638,203	580,351	57,852	10.0 %
Property operating and maintenance [(1)(2)]	204,659	185,178	19,481	10.5 %	218,308	192,764	25,544	13.3 %
Real estate taxes	33,932	32,400	1,532	4.7 %	38,639	35,746	2,893	8.1 %
Rental home operating and maintenance	2,608	2,509	99	3.9 %	2,628	2,555	73	2.9 %
Sales and marketing, gross	11,244	12,472	(1,228)	(9.8)%	11,323	12,474	(1,151)	(9.2)%
Property operating expenses, excluding deferrals and property management	252,443	232,559	19,884	8.6 %	270,898	243,539	27,359	11.2 %
Income from property operations, excluding deferrals and property management [(3)]	348,677	328,362	20,315	6.2 %	367,305	336,812	30,493	9.1 %
Property management	36,970	31,941	5,029	15.7 %	36,970	31,940	5,030	15.7 %
Income from property operations, excluding deferrals [(3)]	311,707	296,421	15,286	5.2 %	330,335	304,872	25,463	8.4 %
Membership upgrade sales upfront payments and membership sales commission, deferred, net	8,911	10,944	(2,033)	(18.6)%	8,911	10,944	(2,033)	(18.6)%
Income from property operations [(3)]	$ 302,796	$ 285,477	$ 17,319	6.1 %	$ 321,424	$ 293,928	$ 27,496	9.4 %

(1) Rental income consists of the following total portfolio income items: 1) MH base rental income, 2) Rental home income, 3) RV and marina base rental income and 4) Utility income, which is calculated by subtracting Other income on the Consolidated Statements of Income and Comprehensive Income from Utility and other income in this table. The difference between the sum of the total portfolio income items and Rental income on the Consolidated Statements of Income and Comprehensive Income is bad debt expense, which is presented in Property operating maintenance expense in this table.

(2) Includes bad debt expense for all periods presented.

(3) See Part I. Item 2. Management Discussion and Analysis—Non-GAAP Financial Measures for definitions and reconciliation of these Non-GAAP measures to Net Income available for Common Shareholders.

Total Portfolio income from property operations for 2022 increased $27.5 million, or 9.4%, from 2021, driven by an increase of $17.3 million, or 6.1%, from our Core Portfolio and by an increase of $10.2 million from our Non-Core Portfolio. The increase in income from property operations from our Core Portfolio was primarily due to higher property operating revenues, excluding deferrals, primarily in RV and marina base rental income and MH base rental income, partially offset by an increase in property operating expenses, excluding deferrals and property management. The increase in income from property operations from our Non-Core Portfolio was attributed to income from properties acquired in 2021 and the first half of 2022.

<u>*Property Operating Revenues*</u>

MH base rental income in our Core Portfolio for 2022 increased $16.6 million, or 5.7%, from 2021, which reflects 5.2% growth from rate increases and 0.5% growth from occupancy gains. The average monthly base rental income per Site increased to approximately $750 in 2022 from approximately $713 in 2021. The average occupancy for the Core Portfolio was 95.1% for the six months ended June 30, 2022 compared to 95.2% for the six months ended June 30, 2021. The decrease in the average occupancy is due to expansion sites added.

RV and marina base rental income is comprised of the following:

	Core Portfolio Six Months Ended June 30,				Total Portfolio Six Months Ended June 30,			
(amounts in thousands)	2022	2021	Variance	% Change	2022	2021	Variance	% Change
Annual	$ 112,811	$ 103,636	$ 9,175	8.9 %	$ 130,986	$ 113,267	$ 17,719	15.6 %
Seasonal	33,962	22,040	11,922	54.1 %	36,098	22,809	13,289	58.3 %
Transient	37,019	35,685	1,334	3.7 %	40,018	36,520	3,498	9.6 %
RV and marina base rental income	$ 183,792	$ 161,361	$ 22,431	13.9 %	$ 207,102	$ 172,596	$ 34,506	20.0 %

RV and marina base rental income in our Core Portfolio for 2022 increased $22.4 million, or 13.9%, from 2021 primarily due to increases in Seasonal and Annual RV and marina base rental income. The increase of Seasonal RV and marina base rental income of $11.9 million, or 54.1% was due to the rebound of seasonal demand in the South and West as we welcomed back our Canadian guests and our domestic customers were able to travel without restrictions. The increase in Annual RV and marina base rental income of $9.2 million, or 8.9% was seen across all regions, primarily in the South, West and Northeast.

Annual membership subscription revenue in our Core Portfolio for 2022 increased $2.6 million, or 9.2%, from 2021, reflecting a 6.5% increase in the number of Thousand Trails Camping members. The increase in annual membership subscription revenue of $2.6 million, or 9.2% from 2021 was offset by a Membership upgrade sales current period, gross decrease of $2.8 million, or 14.5%, from 2021, as a result of the decrease in the number of upgrades sold primarily due to the introduction of the Adventure product during the first quarter of 2021.

Utility and other income in our Core Portfolio for 2022 increased $2.1 million, or 4.2%, from 2021. The increase was primarily due to an increase in utility income of $3.3 million and pass-through income of $0.7 million, partially offset by a decrease in other property income of $1.9 million. The increase in utility income was primarily due to an increase in electric income. The utility recovery rate (utility income divided by utility expenses) for both 2022 and 2021 was approximately 45%. The decrease in other property income was due to Hurricane Hanna recovery revenue received in 2021.

Property Operating Expenses

Property operating expenses, excluding deferrals and property management, in our Core Portfolio for 2022 increased $19.9 million, or 8.6%, from 2021, driven by increases in property operating and maintenance expenses of $19.5 million. Core property operating and maintenance expenses were higher in 2022 compared to 2021 due to increases in utility expenses of $7.4 million, repairs and maintenance expenses of $5.5 million, and property payroll expenses of $3.4 million.

Home Sales and Rental Operations

Home Sales and Other

The following table summarizes certain financial and statistical data for Home Sales and Other Operations:

	Six Months Ended June 30,			
(amounts in thousands, except home sales volumes)	**2022**	**2021**	**Variance**	**% Change**
Gross revenues from new home sales [1]	$ 59,378	$ 37,658	$ 21,720	57.7 %
Cost of new home sales [1]	53,346	35,958	17,388	48.4 %
Gross profit from new home sales	6,032	1,700	4,332	254.8 %
Gross revenues from used home sales	2,365	1,989	376	18.9 %
Cost of used home sales	2,847	2,766	81	2.9 %
Loss from used home sales	(482)	(777)	295	38.0 %
Gross revenue from brokered resales and ancillary services	30,647	25,831	4,816	18.6 %
Cost of brokered resales and ancillary services	15,477	11,986	3,491	29.1 %
Gross profit from brokered resales and ancillary services	15,170	13,845	1,325	9.6 %
Home selling and ancillary operating expenses	14,066	11,031	3,035	27.5 %
Income from home sales and other	$ 6,654	$ 3,737	$ 2,917	78.1 %
Home sales volumes				
Total new home sales [2]	626	487	139	28.5 %
New Home Sales Volume - ECHO JV	*51*	*24*	*27*	*112.5 %*
Used home sales	169	210	(41)	(19.5)%
Brokered home resales	451	372	79	21.2 %

[1] New home sales gross revenues and costs of new home sales do not include the revenues and costs associated with our ECHO JV.
[2] Total new home sales volume includes home sales from our ECHO JV.

The income from home sales and other was $6.7 million for the six months ended June 30, 2022, an increase of $2.9 million, compared to $3.7 million for the six months ended June 30, 2021. The increase in income from home sales and other operations was primarily due to an increase in gross profit from new home sales resulting from an increase of 139 new home sales during the six months ended June 30, 2022 compared to the six months ended June 30 2021, primarily driven by favorable housing trends in the broader real estate market.

Rental Operations

The following table summarizes certain financial and statistical data for MH Rental Operations.

	Six Months Ended June 30,			
(amounts in thousands, except rental unit volumes)	**2022**	**2021**	**Variance**	**% Change**
Rental operations revenue [1]	$ 22,216	$ 24,752	$ (2,536)	(10.2)%
Rental home operating and maintenance expenses	2,608	2,509	99	3.9 %
Income from rental operations	19,608	22,243	(2,635)	(11.8)%
Depreciation on rental homes [2]	5,016	5,305	(289)	(5.4)%
Income from rental operations, net of depreciation	$ 14,592	$ 16,938	$ (2,346)	(13.9)%
Gross investment in new manufactured home rental units [3]	$ 221,251	$ 230,774	$ (9,523)	(4.1)%
Gross investment in used manufactured home rental units	$ 14,571	$ 17,753	$ (3,182)	(17.9)%
Net investment in new manufactured home rental units	$ 184,101	$ 196,494	$ (12,393)	(6.3)%
Net investment in used manufactured home rental units	$ 6,076	$ 11,688	$ (5,612)	(48.0)%
Number of occupied rentals – new, end of period [4]	2,742	3,305	(563)	(17.0)%
Number of occupied rentals – used, end of period	375	491	(116)	(23.6)%

(1) Rental operations revenue consists of Site rental income and home rental income in our Core Portfolio. Approximately $14.5 million and $16.2 million of Site rental income for the six months ended June 30, 2022 and 2021, respectively, are included in community base rental income within the Core Portfolio Income from Property Operations table. The remainder of home rental income is included in rental home income within the Core Portfolio Income from Property Operations table.
(2) Presented in Depreciation and amortization in the Consolidated Statements of Income and Comprehensive Income.
(3) Includes both occupied and unoccupied rental homes in our Core Portfolio. New home cost basis does not include the costs associated with our ECHO JV. Our investment in the ECHO JV was $18.7 million and $17.7 million as of June 30, 2022 and 2021, respectively.
(4) Occupied rentals as of the end of the period in our Core Portfolio and includes 185 and 282 homes rented through our ECHO JV as of June 30, 2022 and 2021, respectively.

Income from rental operations, net of depreciation, was $2.3 million lower during the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily due to a decrease in rental operations revenues as a result of a decrease in the number of new occupied rentals.

Other Income and Expenses

The following table summarizes other income and expenses, net:

	Six Months Ended June 30,			
(amounts in thousands, expenses shown as negative)	**2022**	**2021**	**Variance**	**% Change**
Depreciation and amortization	$ (100,190)	$ (93,714)	$ (6,476)	(6.9)%
Interest income	3,481	3,509	(28)	(0.8)%
Income from other investments, net	4,521	2,158	2,363	109.5 %
General and administrative	(23,992)	(20,740)	(3,252)	(15.7)%
Other expenses	(5,009)	(1,498)	(3,511)	(234.4)%
Early debt retirement	(1,156)	(2,784)	1,628	58.5 %
Interest and related amortization	(55,517)	(53,406)	(2,111)	(4.0)%
Total other income and expenses, net	$ (177,862)	$ (166,475)	$ (11,387)	(6.8)%

Total other income and expenses, net increased $11.4 million during the six months ended June 30, 2022 compared to the six months ended June 30, 2021, primarily due to higher depreciation and amortization, other expenses and general administrative expenses. The increase in depreciation and amortization was due to depreciation on Non-Core properties acquired in 2021 and the first half of 2022. The increase in Other expenses was primarily due to transaction/pursuit costs of $3.1 million related to unconsummated acquisitions. The increase in general and administrative expense was due to higher payroll costs.

Liquidity and Capital Resources

Liquidity

Our primary demands for liquidity include payment of operating expenses, dividend distributions, debt service, including principal and interest, capital improvements on Properties, home purchases and property acquisitions. We expect similar demand for liquidity will continue for the short-term and long-term. Our primary sources of cash include operating cash flows, proceeds from financings, borrowings under our unsecured LOC and proceeds from issuance of equity and debt securities.

One of our stated objectives is to maintain financial flexibility. Achieving this objective allows us to take advantage of strategic opportunities that may arise. When investing capital, we consider all potential uses, including returning capital to our stockholders or the conditions under which we may repurchase our stock. These conditions include, but are not limited to, market price, balance sheet flexibility, alternative opportunistic capital uses and capital requirements. We believe effective management of our balance sheet, including maintaining various access points to raise capital, managing future debt maturities and borrowing at competitive rates, enables us to meet this objective. Accessing long-term low-cost secured debt continues to be our focus.

On February 24, 2022, we entered into our current at-the-market (“ATM”) equity offering program with certain sales agents, pursuant to which we may sell, from time-to-time, shares of our common stock, par value $0.01 per share, having an aggregate offering price of up to $500.0 million. Prior to the new program, the aggregate offering price was up to $200.0 million.

During the six months ended June 30, 2022, we sold 328,123 shares of our common stock under our prior ATM equity program for gross cash proceeds of approximately $28.0 million at a weighted average share price of $86.46. As of June 30, 2022, the full capacity of our current ATM equity offering program remained available for issuance.

As of June 30, 2022, we had available liquidity in the form of approximately 413.9 million shares of authorized and unissued common stock, par value $0.01 per share, and 10.0 million shares of authorized and unissued preferred stock registered for sale under the Securities Act of 1933, as amended.

During the six months ended June 30, 2022, we closed on a $200.0 million senior unsecured term loan. The maturity date is January 21, 2027. The term loan bears interest at a rate of Secured Overnight Financing Rate (“SOFR”), plus approximately 1.30% to 1.80%, depending on leverage levels. We also closed on a secured refinancing transaction generating gross proceeds of $200.0 million. The loan is secured by one MH community, has a fixed interest rate of 3.36% per annum and has a maturity date of May 1, 2034. The net proceeds from the refinancing transaction were used to repay all debt scheduled to mature in 2022 and to repay amounts outstanding on the LOC. See *Part I. Item 1. Financial Statements—Note 8. Borrowing Arrangements* for further details.

We also utilize interest rate swaps to add stability to our interest expense and to manage our exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The changes in the fair value of the designated derivative are recorded in accumulated other comprehensive income (loss) on the Consolidated Balance Sheets and subsequently reclassified into earnings on the Consolidated Statements of Income and Comprehensive Income in the period that the hedged forecasted transaction affects earnings. For additional information regarding our interest rate swap, see *Part I. Item 1. Financial Statements—Note 9. Derivative Instruments and Hedging*.

We expect to meet our short-term liquidity requirements, including principal payments, capital improvements and dividend distributions for the next twelve months, generally through available cash, net cash provided by operating activities and our LOC. As of June 30, 2022, our LOC had a borrowing capacity of $452.2 million. As of June 30, 2022, the LOC bears interest at a rate of LIBOR plus 1.25% to 1.65%, carries an annual facility fee of 0.20% to 0.35% and matures on April 18, 2025.

We expect to meet certain long-term liquidity requirements, such as scheduled debt maturities, property acquisitions and capital improvements, using long-term collateralized and uncollateralized borrowings including the existing LOC and the issuance of debt securities or the issuance of equity including under our ATM equity offering program.

We continue to monitor the development and adoption of an alternative index to LIBOR to manage the transition. Given the majority of our current debt is secured and not subject to LIBOR, we do not believe the discontinuation of LIBOR will have a significant impact on our consolidated financial statements.

The impact the COVID-19 pandemic will continue to have on our financial condition and cashflows is uncertain and is dependent upon various factors including the manner in which operations will continue at our Properties, customer payment patterns and operational decisions we have made and may make in the future in response to guidance from public authorities and/or for the health and safety of our employees, residents and guests.

The following table summarizes our cash flows activity:

	Six Months ended June 30,	
(amounts in thousands)	**2022**	**2021**
Net cash provided by operating activities	$ 354,463	$ 328,926
Net cash used in investing activities	(302,050)	(475,211)
Net cash (used in) provided by financing activities	(133,385)	166,978
Net (decrease) increase in cash and restricted cash	$ (80,972)	$ 20,693

Operating Activities

Net cash provided by operating activities increased $25.5 million to $354.5 million for the six months ended June 30, 2022 from $328.9 million for the six months ended June 30, 2021. The increase in net cash provided by operating activities was primarily due to higher income from property operations of $27.5 million.

Investing Activities

Net cash used in investing activities decreased $173.2 million to $302.1 million for the six months ended June 30, 2022 from $475.2 million for the six months ended June 30, 2021. The decrease was due to a decrease in spending on acquisitions of $244.7 million, partially offset by an increase in capital improvement spending of $61.3 million and an increase in investments in unconsolidated joint ventures of $11.8 million.

Capital Improvements

The following table summarizes capital improvements:

	Six Months ended June 30,	
(amounts in thousands)	**2022**	**2021**
Asset preservation [(1)]	$ 20,073	$ 18,999
Improvements and renovations[(2)]	18,034	11,893
Property upgrades and development	70,263	45,008
New and used home investments [(3)] [(4)]	61,355	41,949
Total property improvements	169,725	117,849
Corporate	11,310	1,874
Total capital improvements	$ 181,035	$ 119,723

(1) Includes upkeep of property infrastructure including utilities and streets and replacement of community equipment and vehicles.
(2) Includes enhancements to amenities such as buildings, common areas, swimming pools and replacement of furniture and site amenities.
(3) Excludes new home investments associated with our ECHO JV.
(4) Net proceeds from new and used home sale activities are reflected within Operating Activities.

Financing Activities

Net cash used in financing activities was $133.4 million for the six months ended June 30, 2022. Net cash provided by financing activities was $167.0 million for the six months ended June 30, 2021. The decrease in net cash provided by financing activities was primarily due to a decrease in net debt proceeds of approximately $320.7 million, partially offset by proceeds from the sale of common stock under our ATM program of approximately $28.4 million.

Contractual Obligations

Significant ongoing contractual obligations consist primarily of long-term borrowings, interest expense, operating leases, LOC maintenance fees and ground leases. For a summary and complete presentation and description of our ongoing commitments and contractual obligations, see Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations in our 2021 Form 10-K.

Westwinds

The Operating Partnership operates and manages Westwinds, a 720 site mobilehome community, and Nicholson Plaza, an adjacent shopping center, both located in San Jose, California pursuant to ground leases that expire on August 31, 2022 and do not contain extension options. Westwinds provides affordable, rent-controlled homes to numerous residents, including families with children and residents over 65 years of age. For the year ended December 31, 2021, Westwinds and Nicholson Plaza generated approximately $6.0 million of net operating income.

The master lessor of these ground leases, The Nicholson Family Partnership (together with its predecessor in interest, the “Nicholsons”), has expressed a desire to redevelop Westwinds, and in a written communication, they claimed that we were obligated to deliver the property free and clear of any and all subtenancies upon the expiration of the ground leases on August 31, 2022. In connection with any redevelopment, the City of San Jose’s conversion ordinance requires, among other things, that the landowner provide relocation, rental and purchase assistance to the impacted residents. We believe the Nicholsons are unlawfully attempting to impose those obligations upon the Operating Partnership.

Westwinds opened in the 1970s and was developed by the original ground lessee with assistance from the Nicholsons. In 1997, the Operating Partnership acquired the leasehold interest in the ground leases. In addition to rent based on the operations of Westwinds, the Nicholsons receive a percentage of gross revenues from the sale of new or used mobile homes in Westwinds.

The Operating Partnership has entered into subtenancy agreements with the mobilehome residents of Westwinds. Because the ground leases with the Nicholsons have an expiration date of August 31, 2022, and no further right of extension, the Operating Partnership has not entered into any subtenancy agreements that extend beyond August 31, 2022. However, the mobilehome residents’ occupancy rights continue by operation of California state and San Jose municipal law beyond the expiration date of the ground leases. Notwithstanding this, the Nicholsons have made what we believe to be an unlawful demand that the Operating Partnership deliver the property free and clear of any subtenancies upon the expiration of the ground leases by August 31, 2022. We believe the Nicholsons’ demand (i) violates California state and San Jose municipal law because the Nicholsons are demanding that the Operating Partnership remove all residents without just cause and (ii) conflicts with the terms and conditions of the ground leases, which contain no express or implied requirement that the Operating Partnership deliver the property free and clear of all subtenancies at the mobile home park and require, instead, that the Operating Partnership continuously operate the mobilehome park during the lease term.

On December 30, 2019, the Operating Partnership, together with certain interested parties, filed a complaint in California Superior Court for Santa Clara County, seeking declaratory relief pursuant to which it requested that the Court determine, among other things, that the Operating Partnership has no obligation to deliver the property free and clear of the mobilehome residents upon the expiration of the ground leases. The Operating Partnership and the interested parties filed an amended complaint on January 29, 2020.

The Nicholsons filed a demand for arbitration on January 28, 2020, which they subsequently amended, pursuant to which they request (i) a declaration that the Operating Partnership, as the “owner and manager” of Westwinds, is “required by the Ground Leases, and State and local law to deliver the Property free of any encumbrances or third-party claims at the expiration of the lease terms,” (ii) that the Operating Partnership anticipatorily breached the ground leases by publicly repudiating any such obligation and (iii) that the Operating Partnership is required to indemnify the Nicholsons with respect to the claims brought by the interested parties in the Superior Court proceeding.

On February 3, 2020, the Nicholsons filed a motion in California Superior Court to compel arbitration and to stay the Superior Court litigation, which motion was heard on June 25, 2020. On July 29, 2020, the Superior Court issued a final order denying the Nicholsons' motion to compel arbitration. The Nicholsons filed a notice of appeal on August 7, 2020, which appeal was heard on February 1, 2022. On February 4, 2022, the California Court of Appeal affirmed the Superior Court’s order denying the Nicholsons' motion to compel arbitration. On February 22, 2022, the Nicholsons filed a petition for rehearing, which the Court of Appeal denied on March 2, 2022. On March 16, 2022, the Nicholsons filed a petition for review with the California Supreme Court, which the California Supreme Court denied on April 20, 2022. On May 18, 2022, the Nicholsons filed a cross complaint alleging that the Operating Partnership is obligated to deliver Westwinds free and clear of encumbrances and in good condition and repair. The cross complaint asserts that it is no longer feasible for the Operating Partnership to cure its alleged breaches given that the ground leases terminate on August 31, 2022. The Operating Partnership has filed a demurrer seeking dismissal of this cross complaint, and the Nicholsons also filed a demurrer to our complaint.

On July 19, 2022, the Nicholsons sent two notices of default to the Operating Partnership, one related to Westwinds and the other related to Nicholson Plaza, the adjacent shopping center. The notices generally assert that the Operating Partnership failed to maintain or repair certain infrastructure and improvements at Westwinds and Nicholson Plaza. The Operating Partnership is evaluating the notices but expects to dispute the contention that it has not maintained Westwinds and Nicholson Plaza in compliance with the terms of the applicable ground leases.

The arbitration which was previously stayed pursuant to an agreement between the Operating Partnership and the Nicholsons is now proceeding with respect to the Nicholsons' indemnification claim that the Operating Partnership is required to indemnify the Nicholsons with respect to the claims brought by the interested parties in the Superior Court proceeding and a claim by the Operating Partnership for recovery of fees incurred in connection with the Nicholsons' failed motion to compel arbitration.

Following the filing of our lawsuit, the City of San Jose took steps to accelerate the passage of a general plan amendment previously under review by the City to change the designation for Westwinds from its current general plan designation of Urban Residential (which would allow for higher density redevelopment), to a newly created designation of Mobile Home Park. The Nicholsons expressed opposition to this change in designation. However, on March 10, 2020, following significant pressure from residents and advocacy groups, the City Council approved this new designation for all 58 mobilehome communities in the City of San Jose, including Westwinds. In addition to requirements imposed by California state and San Jose municipal law, the change in designation requires, among other things, a further amendment to the general plan to a different land use designation by the City Council prior to any change in use.

Off-Balance Sheet Arrangements

As of June 30, 2022, we have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Refer to Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2021 Form 10-K for a discussion of our critical accounting policies. There have been no significant changes to our critical accounting policies and estimates during the quarter ended June 30, 2022.

Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 attract and retain customers entering, renewing and upgrading membership subscriptions;
- our assumptions about rental and home sales markets;
- our ability to manage counterparty risk;
- our ability to renew our insurance policies at existing rates and on consistent terms;
- home sales results could be impacted by the ability of potential homebuyers 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, including an adequate supply of homes at reasonable costs, 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;
- our ability to obtain financing or refinance existing debt on favorable terms or at all;
- the effect of inflation and 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 outcome of pending or future lawsuits or actions brought by or 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.

In addition, these forward-looking statements are subject to risks related to the COVID-19 pandemic, many of which are unknown, including the duration of the pandemic, the extent of the adverse health impact on the general population and on our residents, customers, and employees in particular, its impact on the employment rate and the economy, the extent and impact of governmental responses, and the impact of operational changes we have implemented and may implement in response to the pandemic.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We disclosed a quantitative and qualitative analysis regarding market risk in *Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk* in our 2021 Form 10-K. There have been no material changes in the assumptions used or results obtained regarding market risk since December 31, 2021.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to us that would potentially be subject to disclosure under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder as of June 30, 2022. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2022, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

See *Part I. Item 1. Financial Statements—Note 11. Commitments and Contingencies* accompanying the Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

A description of the risk factors associated with our business are discussed in *Part I. Item 1A. Risk Factors* in our 2021 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File included as Exhibit 101 (embedded within the Inline XBRL document)

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

EQUITY LIFESTYLE PROPERTIES, INC.

Date: July 26, 2022	By:	/s/ Marguerite Nader
		Marguerite Nader President and Chief Executive Officer (Principal Executive Officer)
Date: July 26, 2022	By:	/s/ Paul Seavey
		Paul Seavey Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: July 26, 2022	By:	/s/ Valerie Henry
		Valerie Henry Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul Seavey certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity LifeStyle Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2022

By: /s/ Paul Seavey
Paul Seavey
Executive Vice President and Chief Financial Officer

Exhibit 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marguerite Nader, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity LifeStyle Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2022

By: /s/ Marguerite Nader
Marguerite Nader
President and Chief Executive Officer

Exhibit 32.1

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Equity LifeStyle Properties, Inc. for the quarter ended June 30, 2022 (the "Form 10-Q"), I, Paul Seavey, Executive Vice President and Chief Financial Officer of Equity LifeStyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity LifeStyle Properties, Inc.

Date: July 26, 2022	By:	/s/ Paul Seavey
		Paul Seavey
		Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Equity LifeStyle Properties, Inc. and will be retained by Equity LifeStyle Properties, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Equity LifeStyle Properties, Inc. for the quarter ended June 30, 2022 (the "Form 10-Q"), I, Marguerite Nader, President and Chief Executive Officer of Equity LifeStyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity LifeStyle Properties, Inc.

Date: July 26, 2022	By:	/s/ Marguerite Nader
		Marguerite Nader
		President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Equity LifeStyle Properties, Inc. and will be retained by Equity LifeStyle Properties, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.