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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 16, 2023**

EQUITY LIFESTYLE PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland	1-11718	36-3857664
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification Number)
Two North Riverside Plaza	Chicago, Illinois	60606
(Address of Principal Executive Offices)		(Zip Code)

(312) 279-1400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On October 16, 2023, Equity LifeStyle Properties, Inc. (referred to herein as “we,” “us,” and “our”) issued a news release announcing our results of operations for the quarter and nine months ended September 30, 2023, our 2023 earnings guidance assumptions and our preliminary 2024 annual rent rate growth assumptions.

The news release is furnished as Exhibit 99.1 to this report on Form 8-K. The news release was also posted on our website, www.equitylifestyleproperties.com, on October 16, 2023.

In accordance with General Instruction B.2. of Form 8-K, the information included in Items 2.02 and 9.01 of this report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any registration statement filed by us under the Securities Act of 1933, as amended.

This report 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. Forward-looking statements, including our guidance concerning Net Income, FFO and Normalized FFO per share data, by their nature, involve estimates, projections, goals, forecasts and assumptions and are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in a forward-looking statement due to a number of factors, which include, but are not limited to the following: (i) the mix of site usage within the portfolio; (ii) yield management on our short-term resort and marina sites; (iii) scheduled or implemented rate increases on community, resort and marina sites; (iv) scheduled or implemented rate increases in annual payments under membership subscriptions; (v) occupancy changes; (vi) our ability to attract and retain membership customers; (vii) change in customer demand regarding travel and outdoor vacation destinations; (viii) our ability to manage expenses in an inflationary environment; (ix) our ability to integrate and operate recent acquisitions in accordance with our estimates; (x) our ability to execute expansion/development opportunities in the face of supply chain delays/shortages; (xi) completion of pending transactions in their entirety and on assumed schedule; (xii) our ability to attract and retain property employees, particularly seasonal employees; (xiii) ongoing legal matters and related fees; and (xiv) costs to restore property operations and potential revenue losses following storms or other unplanned events.

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

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

We are a fully integrated owner of lifestyle-oriented properties and own or have an interest in 450 properties located predominantly in the United States consisting of 171,707 sites as of October 16, 2023. We are a self-administered, self-managed, real estate investment trust with headquarters in Chicago.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The information contained in the attached exhibit is unaudited and should be read in conjunction with the Registrant's annual and quarterly reports filed with the Securities and Exchange Commission.

99.1 [Equity LifeStyle Properties, Inc. press release dated October 16, 2023, “ELS Reports Third Quarter Results”](#)
104 Cover Page Interactive Data File included as Exhibit 101 (embedded within the Inline XBRL document)

SIGNATURE

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.

Date: October 17, 2023

EQUITY LIFESTYLE PROPERTIES, INC.

By: /s/ Paul Seavey

Paul Seavey

Executive Vice President and Chief Financial Officer



CONTACT: Paul Seavey
(800) 247-5279

FOR IMMEDIATE RELEASE
October 16, 2023

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

CHICAGO, IL – October 16, 2023 – Equity LifeStyle Properties, Inc. (NYSE: ELS) (referred to herein as “we,” “us,” and “our”) today announced results for the quarter and nine months ended September 30, 2023. All per share results are reported on a fully diluted basis unless otherwise noted.

(\$ in millions, except per share data)

FINANCIAL RESULTS

	Q3 2023	Q3 2022	\$ Change
Total Revenues	\$ 388.8	\$ 381.0	\$ 7.8
Net Income available for Common Stockholders	\$ 77.0	\$ 67.2	\$ 9.8
Net Income per Common Share - Fully Diluted	\$ 0.41	\$ 0.36	\$ 0.05

NON-GAAP FINANCIAL MEASURES

	Q3 2023	Q3 2022	\$ Change
Funds from Operations (“FFO”) per Common Share and OP Unit - Fully Diluted	\$ 0.71	\$ 0.69	\$ 0.02
Normalized Funds from Operations (“Normalized FFO”) per Common Share and OP Unit - Fully Diluted	\$ 0.71	\$ 0.70	\$ 0.01
Property operating revenues, excluding deferrals	\$ 347.6	\$ 332.8	\$ 14.8
Income from property operations, excluding deferrals and property management	\$ 193.7	\$ 183.9	\$ 9.8

Core Portfolio Performance

	Q3 2023	Q3 2022	% Change
Core property operating revenues, excluding deferrals	\$ 335.7	\$ 320.7	4.7 %
Core Income from property operations, excluding deferrals and property management	\$ 186.2	\$ 178.4	4.4 %

Operations Update

Normalized FFO for the quarter ended September 30, 2023 was \$0.71 per share, representing a 2.1% increase compared to the same period in 2022, outperforming the midpoint of our guidance expectation by \$0.5 million. Normalized FFO for the nine months ended September 30, 2023 was \$2.12 per share, representing a 2.4% increase compared to the same period in 2022.

MH

Core MH base rental income for the quarter ended September 30, 2023 increased 6.8% compared to the same period in 2022. We sold 285 new homes during the quarter ended September 30, 2023, with an average sales price of \$97,000. Core MH occupancy increased by 42 sites during the quarter ended September 30, 2023, which included a net gain of 225 homeowners. The average rent increase to market on turnover was approximately 13% during the nine months ended September 30, 2023.

RV and Marina

Core RV and marina base rental income for the quarter ended September 30, 2023 increased 2.0% compared to the same period in 2022. Core RV and marina annual base rental income for the quarter ended September 30, 2023 increased 8.0% compared to the same period in 2022, which reflects 7.8% growth from rate increases and 0.2% from occupancy gains.

Property Operating Expenses

Core property operating expenses for the quarter ended September 30, 2023 increased 5.1% compared to the same period in 2022 and was in line with guidance. Combined Core utility and payroll expenses represent 48.6% of Core property operating expenses and increased 1.2% during the quarter ended September 30, 2023, compared to the same period in 2022. Core repair and maintenance expense for the quarter ended September 30, 2023 increased 8.0%, compared to the same period in 2022, which includes clean-up costs following local storm events across the portfolio.

Balance Sheet Activity

During the quarter ended September 30, 2023, we closed on three secured financing facilities totaling \$375 million. The facilities are secured by twenty MH and RV properties, and consistent with the rates we had locked in May 2023, the facilities have a weighted average interest rate of 5.05% per annum and a weighted average term of approximately eight years. The proceeds were used to repay all debt scheduled to mature in 2023 and 2024 and the remaining balance on our unsecured line of credit.

2023 Guidance Update ⁽¹⁾⁽²⁾

(\$ in millions, except per share data)

	2023			
	Fourth Quarter		Full Year	
Net Income per Common Share - Fully Diluted	\$0.41 to \$0.47		\$1.60 to \$1.66	
FFO per Common Share and OP Unit - Fully Diluted	\$0.70 to \$0.76		\$2.78 to \$2.84	
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$0.70 to \$0.76		\$2.82 to \$2.88	
	2022 Actual		2023 Growth Rates	
	Fourth Quarter	Full Year	Fourth Quarter	Full Year
Core Portfolio:				
MH base rental income	\$ 158.8	\$ 626.0	6.7% to 7.3%	6.5% to 7.1%
RV and marina base rental income ⁽³⁾	\$ 91.2	\$ 392.3	4.7% to 5.3%	3.5% to 4.1%
Property operating revenues	\$ 302.5	\$ 1,238.1	6.3% to 6.9%	5.4% to 6.0%
Property operating expenses	\$ 122.0	\$ 524.1	6.3% to 6.9%	6.2% to 6.8%
Income from property operations, excluding deferrals and property management	\$ 180.5	\$ 714.0	6.3% to 6.9%	4.8% to 5.4%
			2023 Full Year	
Non-Core Portfolio:				
Income from property operations, excluding deferrals and property management				\$25.5 to \$29.5
			2023 Full Year	
Other Guidance Assumptions:				
Property management and general administrative ⁽⁴⁾				\$121.4 to \$127.4
Debt assumptions: ⁽⁵⁾				
Weighted average debt outstanding				\$3,400 to \$3,600
Interest and related amortization				\$129.4 to \$135.4

Preliminary 2024 Rent Rate Growth Assumptions ⁽¹⁾⁽²⁾

- By October month-end, we anticipate sending 2024 rent increase notices to approximately 50% of our MH residents. The average rate increase of these notices is approximately 5.4%.
- We have set RV annual rates for 2024 for approximately 95% of our annual sites. The average rate increase for these annual sites is approximately 7.0%.

1. Fourth quarter and full year 2023 guidance represent management's estimate of a range of possible outcomes. The midpoint of the ranges and the preliminary 2024 rent rate growth assumptions reflect management's estimate of the most likely outcome. Actual results could vary materially from management's estimates presented above if any of our assumptions, including occupancy and rate changes, our ability to manage expenses in an inflationary environment, our ability to integrate and operate recent acquisitions and costs to restore property operations and potential revenue losses following storms or other unplanned events, is incorrect. See Forward-Looking Statements in this press release for additional factors impacting our 2023 and 2024 guidance assumptions. See Non-GAAP Financial Measures Definitions and Reconciliations at the end of the supplemental financial information for definitions of FFO and Normalized FFO and a reconciliation of Net income per Common Share - Fully Diluted to FFO per Common Share and OP Unit - Fully Diluted and Normalized FFO per Common Share and OP Unit - Fully Diluted.
2. Guidance assumptions do not include future capital events (financing transactions, acquisitions or dispositions) subsequent to those discussed in this press release or the use of free cash flow.
3. Core RV and marina annual revenue represents approximately 75.3% and 68.4% of fourth quarter 2023 and full year 2023 RV and marina base rental income, respectively. Core RV and marina annual revenue fourth quarter 2023 growth rate range is 8.5% to 9.1% and the full year 2023 growth rate range is 8.0% to 8.6%.
4. Includes accelerated vesting of stock-based compensation expense of \$6.3 million recognized during the quarter ended June 30, 2023 as a result of the passing of a member of our Board of Directors.
5. Includes financing transactions discussed in this press release.

About Equity LifeStyle Properties

We are a self-administered, self-managed real estate investment trust (“REIT”) with headquarters in Chicago. As of October 16, 2023, we own or have an interest in 450 properties in 35 states and British Columbia consisting of 171,707 sites.

For additional information, please contact our Investor Relations Department at (800) 247-5279 or at investor_relations@equitylifestyle.com.

Conference Call

A live audio webcast of our conference call discussing these results will take place tomorrow, Tuesday, October 17, 2023, at 10:00 a.m. Central Time. Please visit the Investor Relations section at www.equitylifestyleproperties.com for the link. A replay of the webcast will be available for two weeks at this site.

Forward-Looking Statements

In addition to historical information, this press release includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used, words such as “anticipate,” “expect,” “believe,” “project,” “intend,” “may be” and “will be” and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements and may include, without limitation, information regarding our expectations, goals or intentions regarding the future, and the expected effect of our acquisitions. Forward-looking statements, including our guidance concerning Net Income, FFO and Normalized FFO per share data, by their nature, involve estimates, projections, goals, forecasts and assumptions and are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in a forward-looking statement due to a number of factors, which include, but are not limited to the following: (i) the mix of site usage within the portfolio; (ii) yield management on our short-term resort and marina sites; (iii) scheduled or implemented rate increases on community, resort and marina sites; (iv) scheduled or implemented rate increases in annual payments under membership subscriptions; (v) occupancy changes; (vi) our ability to attract and retain membership customers; (vii) change in customer demand regarding travel and outdoor vacation destinations; (viii) our ability to manage expenses in an inflationary environment; (ix) our ability to integrate and operate recent acquisitions in accordance with our estimates; (x) our ability to execute expansion/development opportunities in the face of supply chain delays/shortages; (xi) completion of pending transactions in their entirety and on assumed schedule; (xii) our ability to attract and retain property employees, particularly seasonal employees; (xiii) ongoing legal matters and related fees; and (xiv) costs to restore property operations and potential revenue losses following storms or other unplanned events. For further information on these and other factors that could impact us and the statements contained herein, refer to our filings with the Securities and Exchange Commission, including the “Risk Factors” and “Forward-Looking Statements” sections in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. These forward-looking statements are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

Supplemental Financial Information

Financial Highlights

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

	As of and for the Quarters Ended				
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Operating Information					
Total revenues	\$ 388.8	\$ 370.0	\$ 370.0	\$ 340.6	\$ 381.0
Consolidated net income	\$ 80.7	\$ 66.0	\$ 86.5	\$ 76.7	\$ 70.5
Net income available for Common Stockholders	\$ 77.0	\$ 62.9	\$ 82.4	\$ 73.0	\$ 67.2
Adjusted EBITDAre ⁽¹⁾	\$ 172.9	\$ 162.5	\$ 176.7	\$ 159.2	\$ 166.4
FFO available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 139.7	\$ 123.4	\$ 144.1	\$ 126.6	\$ 134.4
Normalized FFO available for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 139.7	\$ 129.7	\$ 144.3	\$ 128.1	\$ 136.8
Funds Available for Distribution ("FAD") for Common Stock and OP Unit holders ⁽¹⁾⁽²⁾	\$ 113.7	\$ 103.1	\$ 126.2	\$ 106.9	\$ 115.6
Common Shares and OP Units Outstanding (In thousands) and Per Share Data					
Common Shares and OP Units, end of the period	195,525	195,514	195,446	195,386	195,380
Weighted average Common Shares and OP Units outstanding - Fully Diluted	195,440	195,430	195,369	195,281	195,269
Net income per Common Share - Fully Diluted ⁽³⁾	\$ 0.41	\$ 0.34	\$ 0.44	\$ 0.39	\$ 0.36
FFO per Common Share and OP Unit - Fully Diluted	\$ 0.71	\$ 0.63	\$ 0.74	\$ 0.65	\$ 0.69
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$ 0.71	\$ 0.66	\$ 0.74	\$ 0.66	\$ 0.70
Dividends per Common Share	\$ 0.4475	\$ 0.4475	\$ 0.4475	\$ 0.4100	\$ 0.4100
Balance Sheet					
Total assets	\$ 5,626	\$ 5,586	\$ 5,519	\$ 5,493	\$ 5,405
Total liabilities	\$ 4,129	\$ 4,083	\$ 4,006	\$ 3,975	\$ 3,886
Market Capitalization					
Total debt ⁽⁴⁾	\$ 3,533	\$ 3,479	\$ 3,414	\$ 3,416	\$ 3,329
Total market capitalization ⁽⁵⁾	\$ 15,990	\$ 16,557	\$ 16,534	\$ 16,038	\$ 15,607
Ratios					
Total debt / total market capitalization	22.1 %	21.0 %	20.6 %	21.3 %	21.3 %
Total debt / Adjusted EBITDAre ⁽⁶⁾	5.3	5.2	5.2	5.3	5.2
Interest coverage ⁽⁷⁾	5.3	5.4	5.5	5.6	5.7
Fixed charges ⁽⁸⁾	5.1	5.2	5.4	5.6	5.6

1. See Non-GAAP Financial Measures Definitions and Reconciliations at the end of the supplemental financial information for definitions of Adjusted EBITDAre, FFO, Normalized FFO and FAD and a reconciliation of Consolidated net income to Adjusted EBITDAre.
2. See page 6 for a reconciliation of Net income available for Common Stockholders to Non-GAAP financial measures FFO available for Common Stock and OP Unit holders, Normalized FFO available for Common Stock and OP Unit holders and FAD for Common Stock and OP Unit holders.
3. Net income per Common Share - Fully Diluted is calculated before Income allocated to non-controlling interest - Common OP Units.
4. Excludes deferred financing costs of approximately \$30.5 million as of September 30, 2023.
5. See page 14 for the calculation of market capitalization as of September 30, 2023.
6. Calculated using trailing twelve months Adjusted EBITDAre.
7. Calculated by dividing trailing twelve months Adjusted EBITDAre by the interest expense incurred during the same period.
8. See Non-GAAP Financial Measures Definitions and Reconciliations at the end of the supplemental financial information for a definition of fixed charges. This ratio is calculated by dividing trailing twelve months Adjusted EBITDAre by the sum of fixed charges and preferred stock dividends, if any, during the same period.

Consolidated Balance Sheets

(In thousands, except share and per share data)

	September 30, 2023 <i>(unaudited)</i>	December 31, 2022
Assets		
Investment in real estate:		
Land	\$ 2,088,657	\$ 2,084,532
Land improvements	4,307,943	4,115,439
Buildings and other depreciable property	1,228,897	1,169,590
	<u>7,625,497</u>	<u>7,369,561</u>
Accumulated depreciation	(2,401,384)	(2,258,540)
Net investment in real estate	5,224,113	5,111,021
Cash and restricted cash	59,680	22,347
Notes receivable, net	49,684	45,356
Investment in unconsolidated joint ventures	84,328	81,404
Deferred commission expense	53,180	50,441
Other assets, net	155,306	181,950
Total Assets	\$ 5,626,291	\$ 5,492,519
Liabilities and Equity		
Liabilities:		
Mortgage notes payable, net	\$ 3,005,034	\$ 2,693,167
Term loan, net	497,422	496,817
Unsecured line of credit	—	198,000
Accounts payable and other liabilities	189,090	175,148
Deferred membership revenue	216,021	197,743
Accrued interest payable	12,296	11,739
Rents and other customer payments received in advance and security deposits	121,930	122,318
Distributions payable	87,491	80,102
Total Liabilities	4,129,284	3,975,034
Equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized as of September 30, 2023 and December 31, 2022; none issued and outstanding.	—	—
Common stock, \$0.01 par value, 600,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 186,390,612 and 186,120,298 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.	1,917	1,916
Paid-in capital	1,641,553	1,628,618
Distributions in excess of accumulated earnings	(232,081)	(204,248)
Accumulated other comprehensive income	15,564	19,119
Total Stockholders' Equity	<u>1,426,953</u>	<u>1,445,405</u>
Non-controlling interests – Common OP Units	70,054	72,080
Total Equity	1,497,007	1,517,485
Total Liabilities and Equity	\$ 5,626,291	\$ 5,492,519

Consolidated Statements of Income

(In thousands, unaudited)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Rental income	\$ 303,334	\$ 289,016	\$ 888,440	\$ 849,411
Annual membership subscriptions	16,673	16,254	48,832	47,003
Membership upgrade sales ⁽¹⁾	3,744	3,308	10,863	9,543
Other income	15,658	15,580	51,283	43,316
Gross revenues from home sales, brokered resales and ancillary services	44,795	52,547	115,841	144,937
Interest income	2,276	1,865	6,623	5,346
Income from other investments, net	2,333	2,399	6,897	6,920
Total revenues	388,813	380,969	1,128,779	1,106,476
Expenses:				
Property operating and maintenance	126,846	123,181	361,543	341,480
Real estate taxes	19,017	17,734	56,165	56,373
Membership sales and marketing ⁽²⁾	5,696	5,937	16,055	15,720
Property management	19,887	19,003	58,710	55,973
Depreciation and amortization	50,968	52,547	152,934	152,737
Cost of home sales, brokered resales and ancillary services	33,471	40,224	85,880	111,894
Home selling expenses and ancillary operating expenses	7,164	7,080	21,258	21,146
General and administrative ⁽³⁾⁽⁴⁾	9,895	11,086	38,163	34,834
Casualty-related charges/(recoveries), net ⁽⁵⁾	—	—	—	—
Other expenses ⁽⁴⁾	1,338	1,627	4,187	6,880
Early debt retirement	68	—	68	1,156
Interest and related amortization	33,434	29,759	99,144	85,276
Total expenses	307,784	308,178	894,107	883,469
Loss on sale of real estate and impairment, net	(949)	(3,747)	(3,581)	(3,747)
Income before equity in income of unconsolidated joint ventures	80,080	69,044	231,091	219,260
Equity in income of unconsolidated joint ventures	661	1,465	2,158	2,889
Consolidated net income	80,741	70,509	233,249	222,149
Income allocated to non-controlling interests – Common OP Units	(3,772)	(3,346)	(10,981)	(10,563)
Redeemable perpetual preferred stock dividends	—	—	(8)	(8)
Net income available for Common Stockholders	\$ 76,969	\$ 67,163	\$ 222,260	\$ 211,578

1. Membership upgrade sales revenue is net of deferrals of \$7.0 million and \$7.8 million for the quarters ended September 30, 2023 and September 30, 2022, respectively, and \$17.2 million and \$18.2 million for the nine months ended September 30, 2023 and September 30, 2022, respectively.
2. Membership sales and marketing expense is net of sales commission deferrals of \$1.2 million for both the quarters ended September 30, 2023 and September 30, 2022 and \$2.7 million for both the nine months ended September 30, 2023 and September 30, 2022.
3. Includes accelerated vesting of stock-based compensation expense of \$6.3 million recognized during the nine months ended September 30, 2023 as a result of the passing of a member of our Board of Directors.
4. Prior period amounts have been reclassified to conform to the current period presentation.
5. Casualty-related charges/(recoveries), net for the quarter ended September 30, 2023 includes debris removal and cleanup costs related to Hurricane Ian of \$1.8 million and insurance recovery revenue of \$1.8 million. Casualty-related charges/(recoveries), net for the nine months ended September 30, 2023 includes debris removal and cleanup costs related to Hurricane Ian of \$12.1 million and insurance recovery revenue of \$12.1 million.

Non-GAAP Financial Measures

This document contains certain non-GAAP measures used by management that we believe are helpful to understand our business. We believe investors should review these non-GAAP measures along with GAAP net income and cash flows from operating activities, investing activities and financing activities, when evaluating an equity REIT's operating performance. Our definitions and calculations of these non-GAAP financial and operating measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. These non-GAAP financial and operating measures do not represent cash generated from operating activities in accordance with GAAP, nor do they represent cash available to pay distributions and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of our financial performance, or to cash flows from operating activities, determined in accordance with GAAP, as a measure of our liquidity, nor are they indicative of funds available to fund our cash needs, including our ability to make cash distributions. For definitions and reconciliations of non-GAAP measures to our financial statements as prepared under GAAP, refer to both Reconciliation of Net Income to Non-GAAP Financial Measures on page 6 and Non-GAAP Financial Measures Definitions and Reconciliations on pages 16-19.

Selected Non-GAAP Financial Measures

(In millions, except per share data, unaudited)

		Quarter Ended September 30, 2023
Income from property operations, excluding deferrals and property management - 2023 Core ⁽¹⁾	\$	186.2
Income from property operations, excluding deferrals and property management - Non-Core ⁽¹⁾		7.5
Property management and general and administrative		(29.8)
Other income and expenses		9.2
Interest and related amortization		(33.4)
Normalized FFO available for Common Stock and OP Unit holders ⁽²⁾	\$	139.7
Early debt retirement		(0.1)
FFO available for Common Stock and OP Unit holders ^{(2) (3)}	\$	139.7
FFO per Common Share and OP Unit - Fully Diluted		\$0.71
Normalized FFO per Common Share and OP Unit - Fully Diluted		\$0.71
Normalized FFO available for Common Stock and OP Unit holders ⁽²⁾	\$	139.7
Non-revenue producing improvements to real estate		(26.1)
FAD for Common Stock and OP Unit holders ⁽²⁾⁽³⁾	\$	113.7
Weighted average Common Shares and OP Units - Fully Diluted		195.4

1. See pages 8-9 for details of the Core Income from Property Operations, excluding deferrals and property management. See page 10 for details of the Non-Core Income from Property Operations, excluding deferrals and property management.
2. See page 6 for a reconciliation of Net income available for Common Stockholders to FFO available for Common Stock and OP Unit holders, Normalized FFO available for Common Stock and OP Unit holders and FAD for Common Stock and OP Unit holders.
3. Total does not foot due to rounding.

Reconciliation of Net Income to Non-GAAP Financial Measures

(In thousands, except per share data, unaudited)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income available for Common Stockholders	\$ 76,969	\$ 67,163	\$ 222,260	\$ 211,578
Income allocated to non-controlling interests – Common OP Units	3,772	3,346	10,981	10,563
Membership upgrade sales upfront payments, deferred, net ⁽¹⁾	7,044	7,777	17,178	18,228
Membership sales commissions, deferred, net ⁽¹⁾	(1,178)	(1,206)	(2,728)	(2,746)
Depreciation and amortization	50,968	52,547	152,934	152,737
Depreciation on unconsolidated joint ventures	1,141	1,035	3,357	2,811
Gain on unconsolidated joint ventures	—	—	(416)	—
Loss on sale of real estate and impairment, net	949	3,747	3,581	3,747
FFO available for Common Stock and OP Unit holders	139,665	134,409	407,147	396,918
Accelerated vesting of stock-based compensation expense ⁽²⁾	—	—	6,320	—
Early debt retirement	68	—	68	1,156
Transaction/pursuit costs	—	302	117	3,384
Lease termination expenses	—	2,073	90	2,073
Normalized FFO available for Common Stock and OP Unit holders	139,733	136,784	413,742	403,531
Non-revenue producing improvements to real estate	(26,065)	(21,145)	(70,751)	(59,252)
FAD for Common Stock and OP Unit holders	\$ 113,668	\$ 115,639	\$ 342,991	\$ 344,279
Net income per Common Share - Basic	\$ 0.41	\$ 0.36	\$ 1.19	\$ 1.14
Net income per Common Share - Fully Diluted ⁽³⁾	\$ 0.41	\$ 0.36	\$ 1.19	\$ 1.14
FFO per Common Share and OP Unit - Basic	\$ 0.72	\$ 0.69	\$ 2.09	\$ 2.03
FFO per Common Share and OP Unit - Fully Diluted	\$ 0.71	\$ 0.69	\$ 2.08	\$ 2.03
Normalized FFO per Common Share and OP Unit - Basic	\$ 0.72	\$ 0.70	\$ 2.12	\$ 2.07
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$ 0.71	\$ 0.70	\$ 2.12	\$ 2.07
Weighted average Common Shares outstanding - Basic	186,100	185,814	186,008	185,758
Weighted average Common Shares and OP Units outstanding - Basic	195,335	195,102	195,254	195,053
Weighted average Common Shares and OP Units outstanding - Fully Diluted	195,440	195,269	195,414	195,248

1. See page 13 for details of membership sales activity.

2. Represents accelerated vesting of stock-based compensation expense of \$6.3 million recognized during the nine months ended September 30, 2023 as a result of the passing of a member of our Board of Directors.

3. Net income per Common Share - Fully Diluted is calculated before Income allocated to non-controlling interest - Common OP Units.

Consolidated Income from Property Operations ⁽¹⁾

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
MH base rental income ⁽²⁾	\$ 167.9	\$ 159.0	\$ 498.9	\$ 475.1
Rental home income ⁽²⁾	3.6	3.7	11.1	11.5
RV and marina base rental income ⁽²⁾	112.8	109.9	326.3	317.0
Annual membership subscriptions	16.7	16.3	48.8	47.0
Membership upgrade sales current period, gross ⁽³⁾	10.8	11.1	28.0	27.8
Utility and other income ⁽²⁾⁽⁴⁾	35.8	32.8	107.1	92.6
Property operating revenues	347.6	332.8	1,020.2	971.0
Property operating, maintenance and real estate taxes ⁽²⁾	147.0	141.8	421.3	401.3
Membership sales and marketing, gross ⁽³⁾	6.9	7.1	18.8	18.5
Property operating expenses	153.9	148.9	440.1	419.8
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 193.7	\$ 183.9	\$ 580.1	\$ 551.2

Manufactured home site figures and occupancy averages:

Total sites	72,736	73,198	72,727	73,368
Occupied sites	68,818	69,489	68,819	69,610
Occupancy %	94.6 %	94.9 %	94.6 %	94.9 %
Monthly base rent per site	\$ 813	\$ 763	\$ 806	\$ 758

RV and marina base rental income:

Annual	\$ 74.1	\$ 68.0	\$ 216.2	\$ 199.0
Seasonal	8.5	9.5	45.9	45.6
Transient	30.2	32.4	64.2	72.4
Total RV and marina base rental income	\$ 112.8	\$ 109.9	\$ 326.3	\$ 317.0

1. Excludes property management and the GAAP deferral of membership upgrade sales upfront payments and membership sales commissions, net.
2. MH base rental income, Rental home income, RV and marina base rental income and Utility income, net of bad debt expense, are presented in Rental income in the Consolidated Statements of Income on page 3. Bad debt expense is presented in Property operating, maintenance and real estate taxes in this table.
3. See page 13 for details of membership sales activity.
4. Includes approximately \$1.6 million and \$9.6 million of business interruption income from Hurricane Ian during the quarter and nine months ended September 30, 2023, respectively.

Core Income from Property Operations ⁽¹⁾

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

	Quarters Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change ⁽²⁾	2023	2022	Change ⁽²⁾
MH base rental income	\$ 167.8	\$ 157.0	6.8%	\$ 498.5	\$ 467.2	6.7 %
Rental home income	3.5	3.7	(5.0)%	11.1	11.5	(3.4)%
RV and marina base rental income	106.4	104.3	2.0%	311.2	301.1	3.4 %
Annual membership subscriptions	16.2	15.8	2.6%	47.7	45.9	4.0 %
Membership upgrade sales current period, gross	10.4	10.2	1.7%	27.3	26.4	3.3 %
Utility and other income	31.4	29.7	6.0%	90.1	83.5	7.9 %
Property operating revenues	<u>335.7</u>	<u>320.7</u>	<u>4.7%</u>	<u>985.9</u>	<u>935.6</u>	<u>5.4 %</u>
Utility expense	41.4	40.0	3.4%	115.9	108.3	7.1 %
Payroll	31.3	31.8	(1.7)%	89.8	86.9	3.3 %
Repair & maintenance	25.0	23.1	8.0%	72.8	66.3	9.8 %
Insurance and other ⁽³⁾	26.5	24.2	9.6%	76.6	70.7	8.4 %
Real estate taxes	18.5	16.6	11.8%	54.4	52.0	4.6 %
Membership sales and marketing, gross	6.7	6.6	2.3%	18.6	17.8	4.2 %
Property operating expenses	<u>149.4</u>	<u>142.3</u>	<u>5.1%</u>	<u>428.1</u>	<u>402.0</u>	<u>6.5 %</u>
Income from property operations, excluding deferrals and property management ⁽¹⁾	<u>\$ 186.2</u>	<u>\$ 178.4</u>	<u>4.4%</u>	<u>\$ 557.7</u>	<u>\$ 533.5</u>	<u>4.5 %</u>
Occupied sites ⁽⁴⁾	68,820	69,014				

1. Excludes property management and the GAAP deferral of membership upgrades sales upfront payments and membership sales commissions, net.

2. Calculations prepared using actual results without rounding.

3. Includes bad debt expense for the periods presented.

4. Occupied sites are presented as of the end of the period.

Core Income from Property Operations (continued)

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

	Quarters Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change ⁽¹⁾	2023	2022	Change ⁽¹⁾
Core manufactured home site figures and occupancy averages:						
Total sites	72,475	72,455		72,466	72,464	
Occupied sites	68,760	68,950		68,761	68,914	
Occupancy %	94.9 %	95.2 %		94.9 %	95.1 %	
Monthly base rent per site	\$ 813	\$ 759		\$ 805	\$ 753	
 Core RV and marina base rental income:						
Annual ⁽²⁾	\$ 70.4	\$ 65.2	8.0%	\$ 206.4	\$ 191.0	8.1%
Seasonal	8.0	8.8	(8.5)%	44.5	42.2	5.5%
Transient	28.0	30.3	(7.6)%	60.3	67.9	(11.2)%
Total Seasonal and Transient	\$ 36.0	\$ 39.1	(7.8)%	\$ 104.8	\$ 110.1	(4.8)%
Total RV and marina base rental income	\$ 106.4	\$ 104.3	2.0%	\$ 311.2	\$ 301.1	3.4%
 Core utility information:						
Income	\$ 18.0	\$ 16.6	8.1%	\$ 52.0	\$ 47.2	10.2%
Expense	41.4	40.0	3.4%	115.9	108.4	6.9%
Expense, net	\$ 23.4	\$ 23.4	—%	\$ 63.9	\$ 61.2	4.4%
Utility recovery rate ⁽³⁾	43.5 %	41.5 %		44.9 %	43.5 %	

1. Calculations prepared using actual results without rounding.

2. Core Annual marina base rental income represents approximately 99% of the total Core marina base rental income for all periods presented.

3. Calculated by dividing the utility income by utility expense.

Non-Core Income from Property Operations ⁽¹⁾

(In millions, unaudited)

	Quarter Ended September 30, 2023	Nine Months Ended September 30, 2023
MH base rental income	\$ 0.2	\$ 0.5
RV and marina base rental income	6.4	15.1
Annual membership subscriptions	0.4	1.1
Utility and other income	4.5	17.0
Membership upgrade sales current period, gross	0.4	0.7
Property operating revenues	11.9	34.4
Property operating expenses ⁽²⁾	4.4	12.0
Income from property operations, excluding deferrals and property management ⁽¹⁾	\$ 7.5	\$ 22.4

1. Excludes property management and the GAAP deferral of membership upgrade sales upfront payments and membership sales commissions, net.

2. Includes bad debt expense for the periods presented.

Home Sales and Rental Home Operations

(In thousands, except home sale volumes and occupied rentals, unaudited)

Home Sales - Select Data	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total new home sales volume ⁽¹⁾	285	331	687	957
New home sales gross revenues ⁽¹⁾	\$ 27,684	\$ 32,850	\$ 69,036	\$ 92,228
Total used home sales volume	84	81	252	250
Used home sales gross revenues	\$ 1,020	\$ 972	\$ 3,229	\$ 3,337
Brokered home resales volume	160	223	495	674
Brokered home resales gross revenues	\$ 704	\$ 931	\$ 2,255	\$ 2,591

Rental Homes - Select Data	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Rental operations revenues ⁽²⁾	\$ 9,406	\$ 10,420	\$ 29,491	\$ 32,635
Rental home operations expense ⁽³⁾	1,762	1,483	3,879	4,094
Depreciation on rental homes ⁽⁴⁾	2,726	2,521	8,275	7,538
Occupied rentals: ⁽⁵⁾				
New	2,086	2,594		
Used	259	355		
Total occupied rental sites	<u>2,345</u>	<u>2,949</u>		

Cost basis in rental homes: ⁽⁶⁾	As of September 30, 2023		As of September 30, 2022	
	Gross	Net of Depreciation	Gross	Net of Depreciation
New	\$ 249,568	\$ 207,303	\$ 221,840	\$ 180,299
Used	12,606	7,481	15,226	8,657
Total rental homes	<u>\$ 262,174</u>	<u>\$ 214,784</u>	<u>\$ 237,066</u>	<u>\$ 188,956</u>

1. For the quarter and nine months ended September 30, 2022, total new home sales volume includes 21 and 72 home sales, respectively, from our ECHO Financing LLC ("ECHO joint venture"). New home sales gross revenues does not include the revenues associated with the ECHO joint venture.
2. For the quarters ended September 30, 2023 and 2022, approximately \$5.9 million and \$6.7 million, respectively, of the rental operations revenue is included in the MH base rental income in the Core Income from Property Operations on pages 8-9. The remainder of the rental operations revenue for the quarters ended September 30, 2023 and 2022 is included in Rental home income in the Core Income from Property Operations on pages 8-9.
3. Rental home operations expense is included in Property operating, maintenance and real estate taxes in the Consolidated Income from Property Operations on page 7. Rental home operations expense is included in Insurance and other in the Core Income from Property Operations on pages 8-9.
4. Depreciation on rental homes in our Core portfolio is presented in Depreciation and amortization in the Consolidated Statements of Income on page 3.
5. Occupied rentals as of the end of the period in our Core portfolio. Included in occupied rentals as of September 30, 2022 were 165 homes rented through our ECHO joint venture. On December 22, 2022, we completed the purchase of all homes held by the ECHO joint venture.
6. Includes both occupied and unoccupied rental homes in our Core portfolio. New home cost basis does not include the costs associated with our ECHO joint venture for 2022.

Total Sites

(Unaudited)

Summary of Total Sites as of September 30, 2023

	<u>Sites ⁽¹⁾</u>
MH sites	72,700
RV sites:	
Annual	35,300
Seasonal	12,500
Transient	14,900
Marina slips	6,900
Membership ⁽²⁾	25,800
Joint Ventures ⁽³⁾	3,600
Total	<u>171,700</u>

1. 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.
2. Sites primarily utilized by approximately 125,300 members. Includes approximately 6,200 sites rented on an annual basis.
3. Joint ventures have approximately 2,000 annual sites and 1,600 transient.

Memberships - Select Data

(Unaudited)

	Years Ended December 31,				Nine Months
	2019	2020	2021	2022	Ended September 30, 2023
Member Count ⁽¹⁾	115,680	116,169	125,149	128,439	125,339
Thousand Trails Camping Pass (TTC) Origination	41,484	44,129	50,523	51,415	37,936
TTC Sales	19,267	20,587	23,923	23,237	17,434
RV Dealer TTC Activations	22,217	23,542	26,600	28,178	20,502
Number of annuals ⁽²⁾	5,938	5,986	6,320	6,390	6,217
Number of upgrade sales ⁽³⁾	2,919	3,373	4,863	4,068	3,022
<i>(In thousands, unaudited)</i>					
Annual membership subscriptions	\$ 51,015	\$ 53,085	\$ 58,251	\$ 63,215	\$ 48,832
RV base rental income from annuals	\$ 19,634	\$ 20,761	\$ 23,127	\$ 25,945	\$ 20,691
RV base rental income from seasonals/transients	\$ 20,181	\$ 18,126	\$ 25,562	\$ 24,316	\$ 17,562
Membership upgrade sales current period, gross	\$ 19,111	\$ 21,739	\$ 36,270	\$ 34,661	\$ 28,041
Utility and other income	\$ 2,422	\$ 2,426	\$ 2,735	\$ 2,626	\$ 1,979

Membership Sales Activity

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Membership upgrade sales current period, gross	\$ 10,788	\$ 11,085	\$ 28,041	\$ 27,771
Membership upgrade sales upfront payments, deferred, net	(7,044)	(7,777)	(17,178)	(18,228)
Membership upgrade sales	\$ 3,744	\$ 3,308	\$ 10,863	\$ 9,543
Membership sales and marketing, gross	\$ (6,874)	\$ (7,143)	\$ (18,783)	\$ (18,466)
Membership sales commissions, deferred, net	1,178	1,206	2,728	2,746
Membership sales and marketing	\$ (5,696)	\$ (5,937)	\$ (16,055)	\$ (15,720)

1. Members who have entered into annual subscriptions with us that entitle them to use certain properties on a continuous basis for up to 21 days.

2. Members who rent a specific site for an entire year in connection with their membership subscriptions.

3. Existing members who have upgraded memberships are eligible for enhanced benefits, including but not limited to longer stays, the ability to make earlier reservations, potential discounts on rental units, and potential access to additional properties. Upgrades require a non-refundable upfront payment.

Market Capitalization

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

Capital Structure as of September 30, 2023

	Total Common Shares/Units	% of Total Common Shares/Units	Total	% of Total	% of Total Market Capitalization
Secured Debt			\$ 3,033	85.8 %	
Unsecured Debt			500	14.2 %	
Total Debt ⁽¹⁾			\$ 3,533	100.0 %	22.1 %
Common Shares	186,390,612	95.3 %			
OP Units	9,134,373	4.7 %			
Total Common Shares and OP Units	195,524,985	100.0 %			
Common Stock price at September 30, 2023	\$ 63.71				
Fair Value of Common Shares and OP Units			\$ 12,457	100.0 %	
Total Equity			\$ 12,457	100.0 %	77.9 %
Total Market Capitalization			\$ 15,990		100.0 %

1. Excludes deferred financing costs of approximately \$30.5 million.

Debt Maturity Schedule

Debt Maturity Schedule as of September 30, 2023

(In thousands, unaudited)

Year	Outstanding Debt	Weighted Average Interest Rate	% of Total Debt	Weighted Average Years to Maturity
Secured Debt				
2023	\$ —	— %	— %	—
2024	—	— %	— %	—
2025	91,158	3.45 %	2.58 %	1.53
2026	—	— %	— %	—
2027	—	— %	— %	—
2028	203,171	4.19 %	5.75 %	4.96
2029	272,694	4.92 %	7.72 %	5.94
2030	275,385	2.69 %	7.79 %	6.51
2031	253,082	2.46 %	7.16 %	7.65
2032	202,000	2.47 %	5.72 %	8.97
Thereafter	1,735,430	4.07 %	49.12 %	13.38
Total	\$ 3,032,920	3.77 %	85.85 %	10.4
Unsecured Term Loans				
2023	\$ —	— %	— %	—
2024	—	— %	— %	—
2025	—	— %	— %	—
2026	300,000	1.81 %	8.49 %	2.58
2027	200,000	4.88 %	5.66 %	3.36
Thereafter	—	— %	— %	—
Total	\$ 500,000	3.04 %	14.15 %	2.9
Total Secured and Unsecured	\$ 3,532,920	3.67 %	100.00 %	9.3
Line of Credit Borrowing ⁽¹⁾	—	— %	— %	—
Note Premiums and Unamortized loan costs	(30,465)			
Total Debt, Net	\$ 3,502,455	3.95 % ⁽²⁾	100%	

1. The floating interest rate on the line of credit is daily SOFR plus 1.25% to 1.65%. During the quarter ended September 30, 2023, the effective interest rate on the line of credit borrowings was 6.44%.

2. Reflects effective interest rate for the quarter ended September 30, 2023, including interest associated with the line of credit and amortization of note premiums and deferred financing costs.

Non-GAAP Financial Measures Definitions and Reconciliations

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

NORMALIZED FUNDS FROM OPERATIONS (NORMALIZED FFO). We define Normalized FFO as FFO excluding 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.

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

We believe that FFO, Normalized FFO and FAD are helpful to investors as supplemental measures of the performance of an equity REIT. We believe that by excluding the effect of gains or losses from sales of properties, depreciation and amortization related to real estate and impairment charges, which are based on historical costs and 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 PROPERTY OPERATIONS, EXCLUDING DEFERRALS AND PROPERTY MANAGEMENT. We define Income from property operations, excluding deferrals and property management as rental income, membership subscriptions and upgrade sales, utility and other income less property and rental home operating and maintenance expenses, real estate taxes, membership sales and marketing expenses, excluding property management expenses and the impact of the GAAP deferrals of membership upgrade sales upfront payments and membership sales commissions, net. Property management represents the expenses associated with indirect costs such as off-site payroll and certain administrative and professional expenses. We believe exclusion of property management expenses is helpful to investors and analysts as a measure of the operating results of our properties, excluding items that are not directly related to the operation of the properties. For comparative purposes, we present bad debt expense within Property operating, maintenance and real estate taxes in the current and prior periods. We believe that this Non-GAAP financial measure is helpful to investors and analysts as a measure of the operating results of our properties.

The following table reconciles Net income available for Common Stockholders to Income from property operations:

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<i>(amounts in thousands)</i>				
Net income available for Common Stockholders	\$ 76,969	\$ 67,163	\$ 222,260	\$ 211,578
Redeemable perpetual preferred stock dividends	—	—	8	8
Income allocated to non-controlling interests – Common OP Units	3,772	3,346	10,981	10,563
Equity in income of unconsolidated joint ventures	(661)	(1,465)	(2,158)	(2,889)
Income before equity in income of unconsolidated joint ventures	80,080	69,044	231,091	219,260
Loss on sale of real estate and impairment, net	949	3,747	3,581	3,747
Membership upgrade sales upfront payments, deferred, net	7,044	7,777	17,178	18,228
Gross revenues from home sales, brokered resales and ancillary services	(44,795)	(52,547)	(115,841)	(144,937)
Interest income	(2,276)	(1,865)	(6,623)	(5,346)
Income from other investments, net	(2,333)	(2,399)	(6,897)	(6,920)
Membership sales commissions, deferred, net	(1,178)	(1,206)	(2,728)	(2,746)
Property management	19,887	19,003	58,710	55,973
Depreciation and amortization	50,968	52,547	152,934	152,737
Cost of home sales, brokered resales and ancillary services	33,471	40,224	85,880	111,894
Home selling expenses and ancillary operating expenses	7,164	7,080	21,258	21,146
General and administrative ⁽¹⁾⁽²⁾	9,895	11,086	38,163	34,834
Casualty-related charges/(recoveries), net ⁽³⁾	—	—	—	—
Other expenses ⁽¹⁾	1,338	1,627	4,187	6,880
Early debt retirement	68	—	68	1,156
Interest and related amortization	33,434	29,759	99,144	85,276
Income from property operations, excluding deferrals and property management	193,716	183,877	580,105	551,182
Membership upgrade sales upfront payments, and membership sales commissions, deferred, net	(5,866)	(6,571)	(14,450)	(15,482)
Property management	(19,887)	(19,003)	(58,710)	(55,973)
Income from property operations	\$ 167,963	\$ 158,303	\$ 506,945	\$ 479,727

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION FOR REAL ESTATE (EBITDAre) AND ADJUSTED EBITDAre. We define EBITDAre as net income or loss excluding interest income and expense, income taxes, depreciation and amortization, gains or losses from sales of properties, impairments charges, and adjustments to reflect our share of EBITDAre of unconsolidated joint ventures. We compute EBITDAre in accordance with our interpretation of the standards established by NAREIT, which may not be comparable to EBITDAre 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 customer life. Although the NAREIT definition of EBITDAre 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 EBITDAre.

1. Prior period amounts have been reclassified to conform to the current period presentation.

2. Represents accelerated vesting of stock-based compensation expense of \$6.3 million recognized during the nine months ended September 30, 2023 as a result of the passing of a member of our Board of Directors.

3. Casualty-related charges/(recoveries), net for the quarter ended September 30, 2023 includes debris removal and cleanup costs related to Hurricane Ian of \$1.8 million and insurance recovery revenue of \$1.8 million. Casualty-related charges/(recoveries), net for the nine months ended September 30, 2023 includes debris removal and cleanup costs related to Hurricane Ian of \$12.1 million and insurance recovery revenue of \$12.1 million.

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

We believe that EBITDAre and Adjusted EBITDAre may be useful to an investor in evaluating our operating performance and liquidity because the measures are widely used to measure the operating performance of an equity REIT.

The following table reconciles Consolidated net income to EBITDAre and Adjusted EBITDAre:

<i>(amounts in thousands)</i>	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Consolidated net income	\$ 80,741	\$ 70,509	\$ 233,249	\$ 222,149
Interest income	(2,276)	(1,865)	(6,623)	(5,346)
Membership upgrade sales upfront payments, deferred, net ⁽¹⁾	7,044	7,777	17,178	18,228
Membership sales commissions, deferred, net ⁽¹⁾	(1,178)	(1,206)	(2,728)	(2,746)
Real estate depreciation and amortization	50,968	52,547	152,934	152,737
Other depreciation and amortization	1,338	1,327	4,028	3,273
Interest and related amortization	33,434	29,759	99,144	85,276
Loss on sale of real estate and impairment, net	949	3,747	3,581	3,747
Adjustments to our share of EBITDAre of unconsolidated joint ventures	1,795	1,439	5,201	4,256
EBITDAre	172,815	164,034	505,964	481,574
Stock-based compensation expense	—	—	6,320	—
Early debt retirement	68	—	68	1,156
Transaction/pursuit costs	—	302	117	3,384
Lease termination expenses	—	2,073	90	2,073
Adjusted EBITDAre	\$ 172,883	\$ 166,409	\$ 512,559	\$ 488,187

CORE. The Core properties include properties we owned and operated during all of 2022 and 2023. We believe Core is a measure that is useful to investors for annual comparison as it removes the fluctuations associated with acquisitions, dispositions and significant transactions or unique situations.

NON-CORE. The Non-Core properties include properties that were not owned and operated during all of 2022 and 2023. This includes, but is not limited to, four RV communities and one membership RV community acquired during 2022 and one RV community acquired during 2023. The Non-Core properties also include Fish Tale Marina, Fort Myers Beach, Gulf Air, Palm Harbour Marina, Pine Island, Ramblers Rest, Rancho Oso and Turtle Beach.

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

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

1. See page 13 for details of membership sales activity.

FORWARD-LOOKING NON-GAAP MEASURES. The following table reconciles Net Income per Common Share - Fully Diluted guidance to FFO per Common Share and OP Unit - Fully Diluted guidance and Normalized FFO per Common Share and OP Unit - Fully diluted guidance:

<i>(Unaudited)</i>	Fourth Quarter 2023	Full Year 2023
Net income per Common Share - Fully Diluted	\$0.41 to \$0.47	\$1.60 to \$1.66
Depreciation and amortization	0.27	1.07
Membership upgrade sales deferred, net and membership sales commissions deferred, net	0.02	0.09
Loss on sale of real estate and impairment, net	—	0.02
FFO per Common Share and OP Unit - Fully Diluted	\$0.70 to \$0.76	\$2.78 to \$2.84
Accelerated vesting of stock-based compensation expense	—	0.04
Normalized FFO per Common Share and OP Unit - Fully Diluted	\$0.70 to \$0.76	\$2.82 to \$2.88

This press release includes certain forward-looking information, including Core and Non-Core Income from property operations, excluding deferrals and property management, that is not presented in accordance with GAAP. In reliance on the exception in Item 10(e)(1)(i)(B) of Regulation S-K, we do not provide a quantitative reconciliation of such forward-looking information to the most directly comparable financial measure calculated and presented in accordance with GAAP, where we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This includes, for example, (i) scheduled or implemented rate increases on community, resort and marina sites; (ii) scheduled or implemented rate increases in annual payments under membership subscriptions; (iii) occupancy changes; (iv) costs to restore property operations and potential revenue losses following storms or other unplanned events and (v) other nonrecurring/unplanned income or expense items, which may not be within our control, may vary between periods and cannot be reasonably predicted. These unavailable reconciling items could significantly impact our future financial results.