EQUITY LIFESTYLE PROPERTIES INC
Form 10-K
February 22, 2017

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

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2016
or
o 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 or Organization)	(I.R.S. Employer Identification No.)

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:

Common Stock, $0.01 Par Value	New York Stock Exchange
(Title of Class)	(Name of exchange on which registered)
6.75% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 Par Value	New York Stock Exchange
(Title of Class)	(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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

The aggregate market value of voting stock held by non-affiliates was approximately $6,361.2 million as of June 30, 2016 based upon the closing price of $80.05 on such date using beneficial ownership of stock rules adopted pursuant to Section 13 of the Securities Exchange Act of 1934 to exclude voting stock owned by Directors and Officers, some of whom may not be held to be affiliates upon judicial determination.

At February 17, 2017, 86,765,572 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III incorporates by reference portions of the Registrant's Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 2, 2017.

Equity LifeStyle Properties, Inc.
TABLE OF CONTENTS

PART I

Item 1. Business

Equity LifeStyle Properties, Inc.

General

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 elected to be taxed as a real estate investment trust ("REIT"), for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 1993.

We are a fully integrated owner and operator of lifestyle-oriented properties ("Properties") consisting primarily of manufactured home ("MH") communities and recreational vehicle ("RV") resorts and campgrounds. We were formed in December 1992 to continue the property operations, business objectives and acquisition strategies of an entity that had owned and operated Properties since 1969.

We have a unique business model where we own the land upon which we provide our customers the opportunity to place factory built homes, cottages, cabins or RVs either permanently or on a long-term or short-term basis. Our customers may lease individual developed areas ("Sites") or enter right-to-use contracts which provide them access to specific Properties for limited stays. Compared to other types of real estate companies, our business model is characterized by low maintenance costs as well as low customer turnover costs. Our portfolio is spread through highly desirable locations with a focus on both retirement and vacation destinations attracting retirees, vacationing families, and second homeowners, while providing a lower cost home ownership alternative. We have more than 80 Properties with lake, river or ocean frontage and more than 100 Properties within 10 miles of the coastal United States.

We are one of the nation's largest real estate networks with a portfolio, as of December 31, 2016, of 391 Properties consisting of 146,610 residential Sites located throughout the United States and Canada. These Properties are located in 32 states and British Columbia.

Our Properties are designed and improved for home options of various sizes and designs that are produced off-site by third-party manufacturers, installed and set on designated Sites ("Site Set") within the Properties. These homes can range from 400 to over 2,000 square feet. Properties may also have Sites that can accommodate a variety of RVs. Properties generally contain centralized entrances, internal road systems and designated Sites. In addition, Properties often provide a clubhouse for social activities and recreation and other amenities, which may include swimming pools, shuffleboard courts, tennis courts, pickleball courts, golf courses, lawn bowling, restaurants, laundry facilities, cable television and internet service. Some Properties provide utilities, including water and sewer service, through municipal or regulated utilities while others provide these services to customers from on-site facilities.

Employees and Organizational Structure

We have an annual average of approximately 4,100 full-time, part-time and seasonal employees dedicated to carrying out our operating philosophy while focusing on providing good service to our customers. Our Property operations are managed internally by wholly-owned affiliates of the Operating Partnership and are coordinated by an on-site team of employees that typically includes a manager, clerical staff and maintenance workers, each of whom works to provide maintenance and care to the Properties. The on-site team at each Property also provides customer service and coordinates lifestyle-oriented activities for customers. Direct supervision of on-site management is the responsibility of our regional vice presidents and regional and district managers who have substantial experience addressing the needs of customers and creating innovative approaches to maximize value and increase cash flow from property operations. Complementing the field management staff are approximately 400 full-time corporate and regional employees who assist in all functions related to the management of our Properties.

Our Formation

Our Properties are primarily owned by our Operating Partnership and managed internally by affiliates of our Operating Partnership. We contributed the proceeds from our initial public offering in 1993 and subsequent offerings to our Operating Partnership for a general partnership interest. The financial results of our Operating Partnership and our Subsidiaries are consolidated in our consolidated financial statements, which can be found beginning on page F-1 of this Form 10-K. In addition, since certain activities, if performed by us, may not be qualifying REIT activities under the Internal Revenue Code of 1986, as amended (the "Code"), we have formed taxable REIT Subsidiaries, as defined in the Code, to engage in such activities.

Realty Systems, Inc. ("RSI") is a wholly owned taxable REIT subsidiary of ours which is engaged in the business of purchasing, selling or leasing Site Set homes that are located in Properties owned and managed by us. RSI also provides brokerage services to residents at such Properties who move from a Property but do not relocate their homes. RSI may provide brokerage services, in competition with other local brokers, by seeking buyers for the Site Set homes. Subsidiaries of RSI also operate ancillary activities at certain Properties, such as golf courses, pro shops, stores and restaurants. Several Properties are also wholly owned by our taxable REIT Subsidiaries.

Business Objectives and Operating Strategies

Our primary business objective is to maximize both current and long-term income growth. Our operating strategy is to own and operate the highest quality Properties in sought-after locations near retirement and vacation destinations and urban areas across the United States.

We focus on Properties that have strong cash flow and plan to hold such Properties for long-term investment and capital appreciation. In determining cash flow potential, we evaluate our ability to attract high quality customers to our Properties and retain these customers who take pride in the Property and in their homes. Our operating, investment and financing strategies include:

- Consistently providing high levels of services and amenities in attractive surroundings to foster a strong sense of community and pride of home ownership;
- Efficiently managing the Properties to increase operating margins by increasing occupancy, maintaining competitive market rents and controlling expenses;
- Increasing income and property values by strategic expansion and, where appropriate, renovation of the Properties;
- Utilizing technology to evaluate potential acquisitions, identify and track competing properties and monitor existing and prospective customer satisfaction;
- Selectively acquiring properties that have potential for long-term cash flow growth and creating property concentrations in and around retirement or vacation destinations and major metropolitan areas to capitalize on operating synergies and incremental efficiencies;
- Managing our debt balances in order to maintain financial flexibility, minimize exposure to interest rate fluctuations and maintain an appropriate degree of leverage to maximize return on capital; and

• Developing and maintaining relationships with various capital providers.

These business objectives and their implementation are consistent with business strategies determined by our Board of Directors and may be subject to change or amendment at any time.

Acquisitions and Dispositions

Over the last decade we have continued to increase the number of Properties in our portfolio (including owned or partly owned Properties), from 311 Properties with over 112,956 Sites to 391 Properties with over 146,600 Sites. During the year ended December 31, 2016, we acquired four Properties (three RV resorts and one MH community) with approximately 2,400 Sites. We continually review the Properties in our portfolio to ensure they fit our business objectives. Over the last five years, we redeployed capital to properties in markets we believe have greater long-term potential by acquiring 21 Properties primarily located in retirement and vacation destinations and selling 12 Properties that were not aligned with our long-term goals.

We believe that opportunities for property acquisitions are still available. Based on industry reports, we estimate there are approximately 50,000 manufactured home properties and approximately 8,750 RV resorts (excluding government owned properties) in North America. Most of these properties are not operated by large owner/operators, and approximately 3,600 of the MH properties and 1,300 of the RV resorts contain 200 Sites or more. We believe that this relatively high degree of fragmentation provides us, as a national organization with experienced management and substantial financial resources, the opportunity to purchase additional properties. We believe we have a competitive advantage in the acquisition of additional properties due to our experienced management, significant presence in major real estate markets and access to capital resources. We are actively seeking to acquire and are engaged at any time in various stages of negotiations relating to the possible acquisition of additional properties, which may include outstanding contracts to acquire properties that are subject to the satisfactory completion of our due diligence review.

We anticipate that new acquisitions will generally be located in the United States, although we may consider other geographic locations provided they meet our acquisition criteria. We utilize market information systems to identify and evaluate acquisition opportunities, including the use of a market database to review the primary economic indicators of the various locations in which we expect to expand our operations.

Acquisitions will be financed from the most appropriate available sources of capital, which may include undistributed funds from operations, issuance of additional equity securities, sales of investments, collateralized and uncollateralized borrowings and issuance of debt securities. In addition, we have and expect to acquire properties in transactions that include the issuance of limited partnership interests in our Operating Partnership ("OP Units") as consideration for the acquired properties. We believe that an ownership structure that includes our Operating Partnership has and will permit us to acquire additional properties in transactions that may defer all or a portion of the sellers' tax consequences.

When evaluating potential acquisitions, we consider, among others, the following factors:

- Current and projected cash flow of the property and the potential for increased cash flow;
- Geographic area and the type of property;
- Replacement cost of the property, including land values, entitlements and zoning;
- Location, construction quality, condition and design of the property;
- Potential for capital appreciation of the property;
- Terms of tenant leases or usage rights, including the potential for rent increases;
- Potential for economic growth and the tax and regulatory environment of the community in which the property is located;
- Potential for expansion, including increasing the number of Sites;
- Occupancy and demand by customers for properties of a similar type in the vicinity and the customers' profiles;
- Prospects for liquidity through sale, financing or refinancing of the property;
- Competition from existing properties and the potential for the construction of new properties in the area; and
- Working capital demands.

When evaluating potential dispositions, we consider, among others, the following factors:

- Whether the Property meets our current investment criteria;
- Our desire to exit certain non-core markets and recycle the capital into core markets; and
- Our ability to sell the Property at a price that we believe will provide an appropriate return for our stockholders.

When investing capital, we consider all potential uses of the capital, including returning capital to our stockholders. Our Board of Directors continues to review the conditions under which we may repurchase our stock. These conditions include, but are not limited to, market price, balance sheet flexibility, other opportunities and capital requirements.

Property Expansions

Several of our Properties have land available for expanding the number of Sites. Development of these Sites ("Expansion Sites") is evaluated based on the following factors: local market conditions; ability to subdivide; accessibility within the Property and externally; infrastructure needs including utility needs and access as well as additional common area amenities; zoning and entitlement; costs and uses of working capital; topography; and ability to market new Sites. When justified, development of Expansion Sites allows us to leverage existing facilities and amenities to increase the income generated from the Properties. Our acquisition philosophy includes owning Properties with potential for Expansion Site development. Approximately 87 of our Properties have expansion potential, with up to approximately 5,300 acres available for expansion. Refer to Item 2. Properties, which includes detail regarding the developable acres available at each property.

Leases or Usage Rights

At our Properties, a typical lease for the rental of a Site between us and the owner or renter of a home is month-to-month or for a one-year term, renewable upon the consent of both parties or, in some instances, as provided by statute. These leases are cancelable, depending on applicable law, for non-payment of rent, violation of Property rules and regulations or other specified defaults. Long-term leases that are non-cancelable by the tenant are in effect at approximately 7,600 Sites in 39 of our Properties. Some of these leases are subject to rental rate increases based on the Consumer Price Index ("CPI"), in some instances allowing for pass-throughs of certain items such as real estate taxes, utility expenses and capital expenditures. Generally, adjustments to our market rates, if appropriate, are made on an annual basis.

In Florida, in connection with offering a Site in a MH community for rent, the MH community owner must deliver to the prospective resident a Prospectus required by Florida Statutes Chapter 723.001, et. seq., which must be approved by the applicable regulatory agency. The Prospectus contains certain required disclosures regarding the community, the rights and obligations of the MH community owner and residents, and a copy of the lease agreement. A Prospectus may contain limitations on the rights of the MH community owner to increase rental rates. However, in the absence of such limitations, the MH community owner may increase rental rates to market, subject to certain advance notice requirements and a statutory requirement that the rental rates be reasonable. See further discussion below related to rent control legislation.

At Properties zoned for RV use, we have long-term relationships with many of our customers who typically enter into short-term rental agreements. Many resort customers also leave deposits to reserve a Site for the following year. Generally, these customers cannot live full time on the Property. At resort Properties operated under the Thousand Trails brand designated for use by customers who have entered a right-to-use or membership contract, the contract generally grants the customer access to designated Properties on a continuous basis of up to 14 days in exchange for annual dues payments. The customer may make a nonrefundable upfront payment to upgrade the contract which increases usage rights during the contract term. We may finance the nonrefundable upfront payment. Most of the contracts provide for an annual dues increase, usually based on increases in the CPI. Approximately 28.0% of current customers are not subject to annual dues increases in accordance with the terms of their contracts, generally because the customers are over 61 years old or meet certain other specified restriction criteria.

Regulations and Insurance

General. Our Properties are subject to a variety of laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses and other common areas, regulations relating to providing utility services, such as electricity, and regulations relating to operating water and wastewater treatment facilities at certain of our Properties. We believe that each Property has all material permits and approvals necessary to operate. We renew these permits and approvals in the ordinary course of business.

Insurance. The Properties are insured against risks that may cause property damage and business interruption including events such as fire, flood, earthquake, or windstorm. The relevant insurance policies contain deductible requirements, coverage limits and particular exclusions. Our current property and casualty insurance policies, which we plan to renew, expire on April 1, 2017. We have a $100.0 million loss limit with respect to our all-risk property insurance program including named windstorms, which include, for example, hurricanes. This loss limit is subject to additional sub-limits as set forth in the policy form, including, among others, a $25.0 million aggregate loss limit for earthquakes in California. Policy deductibles primarily range from a $125,000 minimum to 5.0% per unit of insurance for most catastrophic events. A deductible indicates our maximum exposure, subject to policy limits and sub-limits, in the event of a loss.

Rent Control Legislation. At certain of our Properties, principally in California, state and local rent control laws limit our ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. Enactment of such laws has been considered at various times in other jurisdictions. We presently expect to continue to maintain Properties, and may purchase additional properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted. For example, Florida law requires that rental increases be reasonable, and Delaware law requires rental increases greater than the change in the CPI to be justified. Also, certain jurisdictions in California in which we own Properties limit rent increases to changes in the CPI or some percentage of CPI. As part of our effort to realize the value of Properties subject to restrictive regulation, we have initiated lawsuits at various times against various municipalities imposing such regulations in an attempt to balance the interests of our stockholders with the interests of our customers (See Item 3. Legal proceedings).

Membership Properties. Many states also have consumer protection laws regulating right-to-use or campground membership sales and the financing of such sales. Some states have laws requiring us to register with a state agency and obtain a permit to market (see Item 1A. Risk Factors). At certain of our Properties primarily used as membership campgrounds, state statutes limit our ability to close a Property unless a reasonable substitute Property is made available for members' use.

Industry

We believe that our Properties and our business model provide an opportunity for increased cash flows and appreciation in value. These may be achieved through increases in rental and occupancy rates, as well as expense controls, expansion of existing Properties and opportunistic acquisitions, for the following reasons:

- Barriers to Entry: We believe that the supply of new properties in locations we target will be constrained by barriers to entry. The most significant barrier has been the difficulty of securing zoning permits from local authorities. This has been the result of (i) the public's perception of manufactured housing, and (ii) the fact that MH communities and RV resorts generate less tax revenue than conventional housing properties because the homes are treated as personal property (a benefit to the homeowner) rather than real property. Further, the length of time between investment in a property's development and the attainment of stabilized occupancy and the generation of revenues is significant. The initial development of the infrastructure may take up to two or three years and once a property is ready for occupancy, it may be difficult to attract customers to an empty property.
- Customer Base: We believe that properties tend to achieve and maintain a stable rate of occupancy due to the following factors: (i) customers typically own their own homes, (ii) properties tend to foster a sense of community as a result of amenities such as clubhouses and recreational and social activities, (iii) customers often sell their homes in-place (similar to site-built residential housing) with no interruption of rental payments to us, and (iv) moving a Site Set home from one property to another involves substantial cost and effort.
- Lifestyle Choice: According to the Recreational Vehicle Industry Association ("RVIA"), in a survey conducted by the University of Michigan in 2011, approximately 8.9 million or 8.5% of U.S. households owned an RV. The 77 million people born from 1946 to 1964, or "baby boomers", make up the fastest growing segment of this market. According to Pew Research Center, every day 10,000 Americans turn 65 years old. We believe that this population segment, seeking an active lifestyle, will provide opportunities for our future cash flow growth. As RV owners age and move beyond the more active RV lifestyle, they will often seek more permanent retirement or vacation establishments. Site Set housing has become an increasingly popular housing alternative for retirement, second-home, and "empty-nest" living. According to 2014 U.S. Census Bureau National Population Projections figures, the population of people ages 55 and older is expected to grow 24% within the next 15 years.

We believe that the housing choices in our Properties are especially attractive to such individuals throughout this lifestyle cycle. Our Properties offer an appealing amenity package, close proximity to local services, social activities, low maintenance and a secure environment. In fact, many of our Properties allow for this cycle to occur within a single Property.

- Construction Quality: The Department of Housing and Urban Development's ("HUD") standards for Site Set housing construction quality are the only federal standards governing housing quality of any type in the United States. Site Set homes produced since 1976 have received a "red and silver" government seal certifying that they were built in compliance with the federal code. The code regulates Site Set home design and construction, strength and durability, fire resistance and energy efficiency, and the installation and performance of heating, plumbing, air conditioning, thermal and electrical systems. In newer homes, top grade lumber and dry wall materials are common. Also, manufacturers are required to follow the same fire codes as builders of site-built structures. Although resort cottages, which are generally smaller homes, do not come under the same regulations, the resort cottages are built and certified in accordance with NFPA 1192-15 and ANSI A119.5-09 consensus standards for park model recreational vehicles and have many of the same quality features.

- Comparability to Site-Built Homes: Since inception, the Site Set housing industry has experienced a trend toward multi-section homes. Current Site Set homes are up to 80 feet long and 30 feet wide and approximately 1,430 square feet. Many such homes have nine-foot ceilings or vaulted ceilings, fireplaces and as many as four bedrooms, and closely resemble single-family ranch-style site-built homes. At our Properties, there is an active resale or rental market for these larger homes. According to the 2015 U.S. Census American Community Survey, manufactured homes represent 9.3% of single-family housing units.

- Second Home and Vacation Home Demographics: According to 2016 National Association of Realtors ("NAR") reports, sales of second homes in 2015 accounted for 35.0% of residential transactions, or 2.0 million second-home sales in 2015 and a typical vacation-home buyer earned $103,700 in 2015. According to 2014 NAR reports, there were approximately 8.0 million vacation homes in 2013 and a typical vacation-home buyer was 43 years old. According to the 2016 NAR reports, approximately 47.0% of vacation homes were purchased in the south; 25.0% were purchased in the west; 15.0% were purchased in the northeast; and 13.0% were purchased in the Midwest. Looking ahead, NAR believes that baby boomers are still in their peak earning years, and the leading edge of their generation is approaching retirement. As they continue to have the financial means to purchase a second home as a vacation property, investment opportunity, or perhaps as a retirement retreat, those baby boomers will continue to drive the market for second homes. We believe it is likely that over the next decade we will continue to see high levels of second home sales, and resort homes and cottages in our Properties will continue to provide a viable second-home alternative to site-built homes.

Notwithstanding our belief that the industry information highlighted above provides us with significant long-term growth opportunities, our short-term growth opportunities could be disrupted by the following:

- Shipments: According to statistics compiled by the U.S. Census Bureau, manufactured home shipments have increased each year and are on pace for an eighth straight year of growth. Although new manufactured home shipments continue to be below historical levels, shipments in 2016 increased about 15.0% to 81,100 units as compared to shipments in 2015 of 70,500 units. According to the RVIA, wholesale shipments of RVs increased 15.1% in 2016 to approximately 430,700 units as compared to 2015, which continued a positive trend in RV shipments that started in late 2009. Certain industry experts have predicted that 2017 RV shipments will increase by about 4.4% as compared to 2016.

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1. U.S. Census: Manufactured Homes Survey
2. Source: RVIA

- Sales: Retail sales of RVs totaled approximately 367,600 in 2016, an 13.3% increase from 2015 RV sales of 324,400 and a 33.9% increase from 2014 RV sales of 274,600. We believe that consumers remain concerned about the current economy, and the potential for stagnant economic conditions in the future. However, the enduring appeal of the RV lifestyle has translated into continued strength in RV sales. According to RVIA, 8.9 million American households owned an RV in 2011. RV sales could continue to benefit as aging baby-boomers continue to enter the age range in which RV ownership is highest. RV dealers typically have relationships with third party lenders who provide financing for the purchase of an RV.
- Availability of financing: Since 2008 only a few sources of financing have been available for manufactured home and RV manufacturers. In addition, the economic and legislative environment has made it difficult for purchasers of manufactured homes and RVs to obtain financing. Legislation enacted in 2010 known as the SAFE Act (Safe Mortgage Licensing Act)

requires community owners interested in providing financing for customer purchases of manufactured homes to register as a mortgage loan originator in states where they engage in such financing. In comparison to financing available to purchasers of site-built homes, the few third party financing sources available to purchasers of manufactured homes offer financing with higher down payments, higher rates and shorter maturities, and loan approval is subject to more stringent underwriting criteria. During 2013 we entered into an agreement with an unaffiliated third party home manufacturer to create a joint venture, ECHO Financing, LLC, to buy and sell homes and purchase loans made by an unaffiliated lender to residents at our Properties.

Please see our risk factors in Item 1A - Risk Factors and consolidated financial statements and related notes beginning on page F-1 of this Form 10-K for more detailed information.

Available Information

We file reports electronically with the Securities and Exchange Commission ("SEC"). The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy information and statements and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. We maintain an Internet site with information about us and hyperlinks to our filings with the SEC at http://www.equitylifestyleproperties.com, free of charge. Requests for copies of our filings with the SEC and other investor inquiries should be directed to:

Investor Relations Department
Equity LifeStyle Properties, Inc.
Two North Riverside Plaza
Chicago, Illinois 60606
Phone: 1-800-247-5279
e-mail: investor_relations@equitylifestyle.com

Item 1A. Risk Factors

Our business faces many risks. The risks described below may not be the only risks we face but are the risks we know or that we believe may be material at this time. Additional risks that we do not yet know of, or that we currently think are immaterial, may also impair our business operations or financial results. This Item 1A. also includes forward-looking statements. You should refer to our discussion of the qualifications and limitations on forward-looking statements included in Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Risks Relating to Our Operations and Real Estate Investments

Adverse Economic Conditions and Other Factors Could Adversely Affect the Value of Our Properties and Our Cash Flow.

Several factors may adversely affect the economic performance and value of our Properties. These factors include:

- changes in the national, regional and/or local economic climate;
- fluctuation in the exchange rate of the U.S. dollar to other currencies and its impact on foreign customers of our northern and southern Properties;
- the attractiveness of our Properties to customers, competition from manufactured home communities and other lifestyle-oriented properties and alternative forms of housing (such as apartment buildings and site-built single family homes);
- the ability of manufactured home and RV manufacturers to adapt to changes in the economic climate and the availability of units from these manufacturers;
- the ability of our potential customers to sell or lease their existing site-built residences in order to purchase resort homes or cottages at our Properties, and heightened price sensitivity for seasonal and second homebuyers;
- the possible reduced ability of our potential customers to obtain financing on the purchase of resort homes, resort cottages or RVs;
- the ability of our potential customers to obtain affordable chattel financing from MH lenders;
- government stimulus intended to primarily benefit purchasers of site-built housing;

- our ability to collect rent, annual payments and principal and interest from customers and pay or control maintenance, insurance and other operating costs (including real estate taxes), which could increase over time;
- unfavorable weather conditions, especially on holiday weekends in the spring and summer months, could reduce the economic performance at our resort Properties;

7

- the failure of our assets to generate income sufficient to pay our expenses, service our debt and maintain our Properties, which may adversely affect our ability to make expected distributions to our stockholders or may result in claims including, but not limited to, foreclosure by a lender in the event of our inability to service our debt;
- impact on the U.S. economic and regulatory environment as a result of recent U.S. presidential election;
- changes in U.S. social, political, economic conditions, laws, governmental regulations (including rent control laws and regulations governing usage, zoning and taxes and chattel financing), and policies governing health care systems and drug prices, U.S. tax laws, foreign trade, manufacturing, and development and investment may adversely affect our financial condition and our business;
- changes in laws and governmental regulations related to proposed minimum wage increases may adversely affect our financial condition; and
- our ability to attract customers to enter new or upgraded right-to-use contracts and to retain customers who have previously entered right-to-use contracts.

Economic Downturn in the States or Markets with a Large Concentration of Our Properties May Adversely Affect Our Cash Flows, Financial Condition and Ability to Make Distributions.

Our success is dependent upon economic conditions in the U.S. generally and in the geographic areas in which a substantial number of our Properties are located. Adverse changes in national economic conditions and in the economic conditions of the regions in which we conduct substantial business may have an adverse effect on the real estate values of our Properties, our financial performance and the market price of our common stock. As we have a large concentration of properties in certain markets, most notably Florida, California, and Arizona, adverse market and economic conditions in these areas of high concentration, which significantly affect such factors as occupancy and rental rates, could have a significant impact on our revenues, cash flows, financial condition and ability to make distributions. In a recession or under other adverse economic conditions, non-earning assets and write-downs are likely to increase as debtors fail to meet their payment obligations. Although we maintain reserves for credit losses and an allowance for doubtful accounts in amounts that we believe should be sufficient to provide adequate protection against potential write-downs in our portfolio, these amounts could prove to be insufficient.

Certain of Our Properties, Primarily our RV Resorts, are Subject to Seasonality and Cyclicality.

Some of our RV Resorts are used primarily by vacationers and campers. These Properties experience seasonal demand, which generally increases in the spring and summer months and decreases in the fall and winter months. As such, results for a certain quarter may not be indicative of the results of future quarters. In addition, as our RV Resorts are primarily used by campers and vacationers, economic cyclicality resulting in a downturn that affects discretionary spending and disposable income for leisure-time activities, as well as unfavorable weather conditions during the spring and summer months, could adversely affect our cash flows.

Competition for Acquisitions May Result in Increased Prices for Properties and Associated Costs and Increased Costs of Financing.

We expect that other real estate investors with significant capital will compete with us for attractive investment opportunities. These competitors may include other publicly traded REITs, private REITs, individuals, corporations, and other types of real estate investors. Such competition increases prices for Properties and can also result in increased fixed costs, such as real estate taxes. To the extent we are unable to effectively compete or acquire properties at a lower purchase price, our business may be adversely affected. Further, we expect to acquire Properties with cash from sources including but not limited to secured or unsecured financings, proceeds from offerings of equity or debt, offerings of OP Units, undistributed funds from operations and sales of investments. We may not be in a position or have the opportunity in the future to make suitable Property acquisitions on favorable terms. Increased competition can cause difficulties obtaining new financing or securing favorable financing terms.

New Acquisitions and Development Properties May Fail to Perform as Expected and the Intended Benefits of Our Acquisitions May Not Be Realized, Which Could Have a Negative Impact on Our Operations and the Market Price of Our Common Stock.

We intend to continue to acquire Properties. However, newly acquired Properties may fail to perform as expected and could pose risks for our ongoing operations including the following:

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integration may prove costly or time-consuming and may divert senior management's attention from the management of daily operations;

- difficulties or inability to access capital or increases in financing costs;
- we may incur costs and expenses associated with any undisclosed or potential liabilities;
- development and expansion projects may include long planning and involve complex and costly activities;
- unforeseen difficulties may arise in integrating an acquisition into our portfolio; and
- we may acquire properties in new markets where we face risks associated with lack of market knowledge such as: understanding of the local economy, the local governmental and/or local permit procedures.

As a result of the foregoing, we may underestimate the costs necessary to bring an acquired Property up to standards established for our intended market position. As such, we cannot assure you that any acquisitions that we make will be accretive to us in the near term or at all. Furthermore, if we fail to realize the intended benefits of an acquisition, the market price of our common stock could decline to the extent that the market price reflects those benefits.

In addition, we may periodically consider expansion activities which are subject to risks such as: construction costs exceeding original estimates; construction and lease-up delays resulting in increased construction costs; and lower than anticipated occupancy and rental rates causing a property to be unprofitable or less profitable than originally estimated.

Because Real Estate Investments Are Illiquid, We May Not be Able to Sell Properties When Appropriate.

Real estate investments generally cannot be sold quickly. We may not be able to vary our portfolio promptly in response to economic or other conditions, forcing us to accept lower than market value. This inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition and ability to service debt and make distributions to our stockholders.

Our Inability to Sell or Rent Manufactured Homes Could Adversely Affect Our Cash Flows.

Selling and renting homes is a primary part of our business. Our ability to sell or rent manufactured homes could be adversely affected by any of the following factors:

- downturns in economic conditions disrupting the single family housing market;
- local conditions, such as an oversupply of lifestyle-oriented properties or a reduction in demand for lifestyle-oriented properties;
- increased costs to acquire homes;
- the ability of customers to obtain affordable financing; and
- demographics, such as the retirement of the "baby boomers", and their demand for access to our lifestyle-oriented Properties.

Our Investments in Joint Ventures Could be Adversely Affected by Our Lack of Sole Decision-Making Authority Regarding Major Decisions, Our Reliance on Our Joint Venture Partners' Financial Condition, Any Disputes that may Arise Between Us and Our Joint Venture Partners and Our Exposure to Potential Losses from the Actions of Our Joint Venture Partners.

We have joint ventures with other investors. We currently and may continue in the future to acquire properties or make investments in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. Joint venture investments involve risks not present with respect to our wholly owned Properties, including the following:

- our joint venture partners might experience financial distress, become bankrupt or fail to fund their share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the joint venture;
- our joint venture partners may have business interests or goals with respect to a property that conflict with our business interests and goals, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property; and
- we may be unable to take actions that are opposed by our joint venture partners under arrangements that require us to share decision-making authority over major decisions affecting the ownership or operation of the joint venture and any property owned by the joint venture, such as the sale or financing of the property or the making of additional capital contributions for the benefit of the venture.

At times we have entered into agreements providing for joint and several liability with our partners. Frequently, we and our partners may each have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partners' interest, at a time when we otherwise would not have initiated such a transaction. Any of these risks could materially and adversely affect our ability to generate and recognize attractive returns on our joint venture investments, which could have a material adverse effect on our results of operations, financial condition and distributions to our stockholders.

Our Success Depends, in part, on Our Ability to Attract and Retain Talented Employees.

Our ability to attract, retain and motivate talented employees could significantly impact our future performance. Competition for these individuals is intense, and we cannot assure you that we will retain our key officers and employees or that we will be able to attract and retain other highly qualified individuals in the future.

We Regularly Expend Capital to Maintain, Repair and Renovate Our Properties Which Could Negatively Impact Our Financial Condition and Results of Operations.

We may, or we may be required to, from time to time make significant capital expenditures to maintain or enhance the competitiveness of our Properties. There can be no assurances that any such expenditures would result in higher occupancy or higher rental rates.

Risks Relating to Governmental Regulation and Potential Litigation

Risks of Governmental Action and of Litigation.

We own Properties in certain areas of the country where the rental rates in our Properties have not increased as fast as the real estate values either because of locally imposed rent control or long term leases. In such areas, certain local government entities have at times investigated the possibility of seeking to take our Properties by eminent domain at values below the value of the underlying land. While no such eminent domain proceeding has been commenced, and we would exercise all of our rights in connection with any such proceeding, successful condemnation proceedings by municipalities could adversely affect our financial condition. Moreover, certain of our Properties located in California are subject to rent control ordinances, some of which not only severely restrict ongoing rent increases but also prohibit us from increasing rents upon turnover. Such regulations allow customers to sell their homes for a premium representing the value of the future rent discounts resulting from rent-controlled rents.

Tenant groups have filed lawsuits against us seeking to limit rent increases and/or seeking large damage awards for our alleged failure to properly maintain certain Properties or other tenant related matters (see Note 18 to the Consolidated Financial Statements for additional detail regarding these matters).

Laws and Regulations Relating to Campground Membership Sales and Properties Could Adversely Affect the Value of Certain Properties and Our Cash Flow.

Many of the states in which we do business have laws regulating right-to-use or campground membership sales. These laws generally require comprehensive disclosure to prospective purchasers, and usually give purchasers the right to rescind their purchase between three to five days after the date of sale. Some states have laws requiring us to register with a state agency and obtain a permit to market. We are subject to changes, from time to time, in the application or interpretation of such laws that can affect our business or the rights of our members.

In some states, including California, Oregon and Washington, laws place limitations on the ability of the owner of a campground property to close the property unless the customers at the property receive access to a comparable property. The impact of the rights of customers under these laws is uncertain and could adversely affect the availability or timing of sale opportunities or our ability to realize recoveries from Property sales.

The government authorities regulating our activities have broad discretionary power to enforce and interpret the statutes and regulations that they administer, including the power to enjoin or suspend sales activities, require or restrict construction of additional facilities and revoke licenses and permits relating to business activities. We monitor our sales and marketing programs and debt collection activities to control practices that might violate consumer protection laws and regulations or give rise to consumer complaints.

Certain consumer rights and defenses that vary from jurisdiction to jurisdiction may affect our portfolio of contracts receivable. Examples of such laws include state and federal consumer credit and truth-in-lending laws requiring the disclosure of finance charges, and usury and retail installment sales laws regulating permissible finance charges.

In certain states, as a result of government regulations and provisions in certain of the right-to-use or campground membership agreements, we are prohibited from selling more than ten memberships per site. At the present time, these restrictions do not preclude us from selling memberships in any state. However, these restrictions may limit our ability to utilize Properties for public usage and/or our ability to convert Sites to more profitable or predictable uses, such as annual rentals.

Environmental Risks

Changes in Oil and Gasoline Prices May Have an Adverse Impact on Our Properties and the RV Industry.

In the event the cost to power RVs increases, customers may reduce the amount of time spent traveling in their RVs. This may negatively impact revenues at our Properties that target these customers.

We have Properties located in geographic areas that are dependent on the energy industry for jobs. In the event the local economies in these areas are negatively impacted by declining oil prices, we may experience reduced property occupancy or be unable to increase rental rates at such Properties.

Environmental and Utility-Related Problems are Possible and Can be Costly.

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real property to investigate and clean up hazardous or toxic substances or petroleum product releases at such property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site.

Environmental laws also govern the presence, maintenance and removal of asbestos. Such laws require that owners or operators of property containing asbestos properly manage and maintain the asbestos, that they notify and train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on real property owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Utility-related laws and regulations also govern the provision of utility services. Such laws regulate, for example, how and to what extent owners or operators of property can charge renters for provision of utilities. Such laws also regulate the operations and performance of utility systems and may impose fines and penalties on real property owners or operators who fail to comply with these requirements. The regulations may also require capital investment to maintain compliance.

We Have a Significant Concentration of Properties in Florida and California, and Natural Disasters or Other Catastrophic Events in These or Other States Could Adversely Affect the Value of Our Properties and Our Cash Flow.

As of December 31, 2016, we owned or had an ownership interest in 391 Properties located in 32 states and British Columbia, including 125 Properties located in Florida and 49 Properties located in California. The occurrence of a natural disaster or other catastrophic event in any of these areas may cause a sudden decrease in the value of our Properties. While we have obtained insurance policies providing certain coverage against damage from fire, flood, property damage, earthquake, soil erosion, wind storm and business interruption, these insurance policies contain coverage limits, limits on covered property and various deductible amounts that we must pay before insurance proceeds are available. Such insurance may therefore be insufficient to restore our economic position with respect to damage or destruction to our Properties caused by such occurrences. Moreover, each of these coverages must be renewed every year and there is the possibility that all or some of the coverages may not be available at a reasonable cost. In addition, in the event of such a natural disaster or other catastrophic event, the process of obtaining reimbursement for covered losses, including the lag between expenditures we incurred and reimbursements received from the insurance providers, could adversely affect our economic performance.

We Face Possible Risks Associated With the Physical Effects of Climate Change.

We cannot predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse effect on our Properties, operations and business. For example, many of our Properties are located in the southeast and southwest regions of the United States, particularly in Florida, California and Arizona. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity and rising sea-levels. Over time, these conditions could result in declining demand for space in our Properties or our inability to operate them. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy and increasing the cost of snow removal or related costs at our Properties. Proposed legislation to address climate change could increase utility and other costs of operating our Properties which, if not offset by rising rental income, would reduce our net income. There can be no assurance that

climate change will not have a material adverse effect on our Properties, operations or business.
Risks Relating to Debt and the Financial Markets
Debt Payments Could Adversely Affect Our Financial Condition.
Our business is subject to risks normally associated with debt financing. The total principal amount of our outstanding indebtedness was approximately $2.1 billion as of December 31, 2016, of which approximately $233.5 million, or 11.2%, matures

in 2017 and 2018. Our substantial indebtedness and the cash flow associated with serving our indebtedness could have important consequences, including the risks that:

- our cash flow could be insufficient to pay distributions at expected levels and meet required payments of principal and interest;
- we might be required to use a substantial portion of our cash flow from operations to pay our indebtedness, thereby reducing the availability of our cash flow to fund the implementation of our business strategy, acquisitions, capital expenditures and other general corporate purposes;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- we may not be able to refinance existing indebtedness (which requires substantial principal payments at maturity) and, if we can, the terms of such refinancing might not be as favorable as the terms of existing indebtedness;
- if principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt;
- prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates, increased interest expense would adversely affect net income, cash flow and our ability to service debt and make distributions to stockholders;
- to the extent that any Property is cross-collateralized with any other Properties, any default under the mortgage note relating to one Property will result in a default under the financing arrangements relating to other Properties that also provide security for that mortgage note or are cross-collateralized with such mortgage note; and
- the recent increase in the U.S. federal reserve funds rate will likely result in an increase in market interest rates, which may increase the costs of refinancing existing indebtedness or obtaining new debt.

Ability To Obtain Mortgage Financing Or To Refinance Maturing Mortgages May Adversely Affect Our Financial Condition.

Lenders' demands on borrowers as to the quality of the collateral and related cash flows may make it challenging to secure financing on attractive terms or at all. If terms are no longer attractive or if financing proceeds are no longer available for any reason, these factors may adversely affect cash flow and our ability to service debt and make distributions to stockholders.

Financial Covenants Could Adversely Affect Our Financial Condition.

If a Property is mortgaged to secure payment of indebtedness, and we are unable to meet mortgage payments, the mortgagee could foreclose on the Property, resulting in loss of income and asset value. The mortgages on our Properties contain customary negative covenants, which among other things limit our ability, without the prior consent of the lender, to further mortgage the Property and to discontinue insurance coverage. In addition, our unsecured credit facilities contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt-to-assets ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt. Foreclosure on mortgaged Properties or an inability to refinance existing indebtedness would likely have a negative impact on our financial condition and results of operations.

Our Degree of Leverage Could Limit Our Ability to Obtain Additional Financing.

Our debt-to-market-capitalization ratio (total debt as a percentage of total debt plus the market value of the outstanding common stock and OP Units held by parties other than us) was approximately 23.6% as of December 31, 2016. The degree of leverage could have important consequences to stockholders, including an adverse effect on our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, and makes us more vulnerable to a downturn in business or the economy generally.

We May Be Able To Incur Substantially More Debt, Which Would Increase The Risks Associated With Our Substantial Leverage.

Despite our current indebtedness levels, we may still be able to incur substantially more debt in the future. If new debt is added to our current debt levels, an even greater portion of our cash flow will be needed to satisfy our debt service obligations. As a result, the related risks that we now face could intensify and increase the risk of a default on our indebtedness.

Risks Related to Our Company Ownership

Provisions of Our Charter and Bylaws Could Inhibit Changes of Control.

Certain provisions of our charter and bylaws may delay or prevent a change of control or other transactions that could provide our stockholders with a premium over the then-prevailing market price of their common stock or Series C Preferred Stock or which might otherwise be in the best interest of our stockholders. These include the Ownership Limit described below. Also, any future series of preferred stock may have certain voting provisions that could delay or prevent a change of control or other transaction that might involve a premium price or otherwise be beneficial to our stockholders.

Maryland Law Imposes Certain Limitations on Changes of Control.

Certain provisions of Maryland law prohibit "business combinations" (including certain issuances of equity securities) with any person who beneficially owns 10% or more of the voting power of our outstanding common stock, or with an affiliate of ours, who, at any time within the two-year period prior to the date in question, was the owner of 10% or more of the voting power of our outstanding voting stock (an "Interested Stockholder"), or with an affiliate of an Interested Stockholder. These prohibitions last for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder. After the five-year period, a business combination with an Interested Stockholder must be approved by two super-majority stockholder votes unless, among other conditions, our common stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for shares of our common stock. The Board of Directors has exempted from these provisions under the Maryland law any business combination with Samuel Zell, who is our Chairman of the Board, certain holders of OP Units who received them at the time of our initial public offering, and our officers who acquired common stock at the time we were formed and each and every affiliate of theirs.

Conflicts of Interest Could Influence Our Decisions.

Certain stockholders could exercise influence in a manner inconsistent with stockholders' best interests. As of December 31, 2016, Mr. Samuel Zell and certain related entities, directly or indirectly, beneficially owned approximately 4.4% of our outstanding common stock. In addition, as of December 31, 2016, 4.3% of our outstanding common stock was indirectly owned by trusts, the trustee of which is Chai Trust Company, LLC (“Chai Trust”). Mr. Zell is not an officer or director of Chai Trust, does not have voting or dispositive power with respect to such shares and disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest therein. The percentages set forth above include common stock issuable upon the exercise of stock options and the exchange of OP Units. Mr. Zell is the chairman of our Board of Directors. Accordingly, Mr. Zell has significant influence on our management and operation. Such influence could be exercised in a manner that is inconsistent with the interests of other stockholders.

In addition, Mr. Zell and related entities continue to be involved in other investment activities. Mr. Zell and related entities have a broad and varied range of investment interests, including interests in other real estate investment companies that own other forms of housing, including multifamily housing. Mr. Zell and related entities may acquire interests in other companies. Mr. Zell may not be able to control whether any such company competes with us.

Risks Relating to Our Common and Preferred Stock

We Depend on Our Subsidiares' Dividends and Distributions.

Substantially all of our assets are owned indirectly by the Operating Partnership. As a result, we have no source of cash flow other than distributions from our Operating Partnership. For us to pay dividends to holders of our common stock and preferred stock, the Operating Partnership must first distribute cash to us. Before it can distribute the cash, our Operating Partnership must first satisfy its obligations to its creditors.

Market Interest Rates May Have an Effect on the Value of Our Common Stock.

One of the factors that investors consider important in deciding whether to buy or sell shares of a REIT is the distribution rates with respect to such shares (as a percentage of the price of such shares) relative to market interest rates. If market interest rates go up, prospective purchasers of REIT shares may expect a higher distribution rate. Higher interest rates would not, however, result in more of our funds to distribute and, in fact, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our publicly traded securities to go down.

Any Weaknesses Identified in Our Internal Control Over Financial Reporting Could Have an Adverse Effect on Our Stock Price.

Section 404 of the Sarbanes-Oxley Act 2002 requires us to evaluate and report on our internal control over financial reporting. If we identify one or more material weaknesses in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports. which in turn could have an adverse effect on our stock price.

Our Depositary Shares, Which Represent Our 6.75% Series C Cumulative Redeemable Perpetual Preferred Stock, Have Not Been Rated and are Subordinated to Our Debt.

We have not obtained and do not intend to obtain a rating for our depositary shares (the "Depositary Shares") which represent our 6.75% Series C Cumulative Redeemable Perpetual Preferred Stock (the "Series C Preferred Stock"). No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Depositary Shares. In addition, the Depositary Shares are subordinate to all of our existing and future debt. As described above, our existing debt may restrict, and our future debt may include restrictions on, our ability to pay distributions to preferred stockholders or to make an optional redemption payment to preferred stockholders. The issuance of additional shares of preferred stock on parity with or senior to our Series C Preferred Stock represented by the Depositary Shares would dilute the interests of the holders of our Depositary Shares, and any issuance of preferred stock senior to our Series C Preferred Stock (and, therefore, the Depositary Shares) or of additional indebtedness could affect our ability to pay distributions on, redeem or pay the liquidation preference on our Depositary Shares. Other than the conversion rights afforded to holders of our preferred shares that may occur in connection with a change of control triggering event, none of the provisions relating to our preferred shares contain any provision affording the holders of our preferred shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might materially and adversely affect the holders of our preferred shares, so long as the rights of the holders of our preferred shares are not materially and adversely affected.

Risks Relating to REITs and Income Taxes

We are Dependent on External Sources of Capital.

To qualify as a REIT, we must distribute to our stockholders each year at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain). In addition, we intend to distribute all or substantially all of our net income so that we will generally not be subject to U.S. federal income tax on our earnings. Because of these distribution requirements, it is not likely that we will be able to fund all future capital needs, including acquisitions, from income from operations. We therefore will have to rely on third-party sources of debt and equity capital financing, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including conditions in the capital markets generally and the market's perception of our growth potential and our current and potential future earnings. It may be difficult for us to meet one or more of the requirements for qualification as a REIT, including but not limited to our distribution requirement. Moreover, additional equity offerings may result in substantial dilution of stockholders' interests, and additional debt financing may substantially increase our leverage.

We Have a Stock Ownership Limit for REIT Tax Purposes.

To remain qualified as a REIT for U.S. federal income tax purposes, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the federal income tax laws applicable to REITs) at any time during the last half of any taxable year. To facilitate maintenance of our REIT qualification, our charter, subject to certain exceptions, prohibits Beneficial Ownership (as defined in our charter) by any single stockholder of more than 5% (in value or number of shares, whichever is more restrictive) of our outstanding capital stock. We refer to this as the "Ownership Limit." Within certain limits, our charter permits the Board of Directors to increase the Ownership Limit with respect to any class or series of stock. The Board of Directors, upon receipt of a ruling from the IRS, opinion of counsel, or other evidence satisfactory to the Board of Directors and upon 15 days prior written notice of a proposed transfer which, if consummated, would result in the transferee owning shares in excess of the Ownership Limit, and upon such other conditions as the Board of Directors may direct, may exempt a stockholder from the Ownership Limit. Absent any such exemption, capital stock acquired or held in violation of the Ownership Limit will be transferred by operation of law to us as trustee for the benefit of the person to whom such capital stock is ultimately transferred, and the stockholder's rights to distributions and to vote would terminate. Such stockholder would be entitled to receive, from the proceeds of any subsequent sale of the capital stock we transferred as trustee, the lesser of (i) the price paid for the capital stock or, if the owner did not pay for the capital stock (for example, in the case of a gift, devise or other such transaction), the market price of the capital stock on the date of the event causing the capital stock to be transferred to us as trustee or (ii) the amount realized from such sale. A transfer of capital stock may be void if it causes a person to violate the Ownership Limit. The Ownership Limit could delay or prevent a change in control of us and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for their common stock or adversely affect the best interest of our stockholders.

Our Qualification as a REIT is Dependent on Compliance with U.S. Federal Income Tax Requirements.

We believe we have been organized and operated in a manner so as to qualify for taxation as a REIT, and we intend to continue to operate so as to qualify as a REIT for U.S. federal income tax purposes. Our current and continuing qualification as a REIT depends on our ability to meet the various requirements imposed by the Code, which relate to organizational structure, distribution levels, diversity of stock ownership and certain restrictions with regard to owned assets and categories of income. If we qualify for taxation as a REIT, we are generally not subject to U.S. federal income tax on our taxable income that is distributed to our stockholders. However, qualification as a REIT for U.S. federal income tax purposes is governed by highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations. In connection with certain transactions, we have received, and relied upon, advice of counsel as to the impact of such transactions on our qualification as a REIT. Our qualification as a REIT requires analysis of various facts and circumstances that may not be entirely within our control, and we cannot provide any assurance that the Internal Revenue Service (the "IRS") will agree with our analysis or the analysis of our tax counsel. In particular, the proper U.S. federal income tax treatment of right-to-use membership contracts and rental income from certain short-term stays at RV communities is uncertain and there is no assurance that the IRS will agree with our treatment of such contracts or rental income. If the IRS were to disagree with our analysis or our tax counsel's analysis of various facts and circumstances, our ability to qualify as a REIT could be adversely affected.

In addition, legislation, new regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to the requirements for qualification as a REIT or the U.S. federal income tax consequences of qualification as a REIT. For example, the Protecting Americans from Tax Hikes Act (PATH Act) was enacted in December 2015, and included numerous law changes applicable to REITs. The provisions have various effective dates beginning as early as 2016. Investors are urged to consult their tax advisors with respect to these changes and the potential impact on their investment in our stock.

If, with respect to any taxable year, we failed to maintain our qualification as a REIT (and if specified relief provisions under the Code were not applicable to such disqualification), we would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. If we lost our REIT status, we could not deduct distributions to stockholders in computing our net taxable income at regular corporate rates and we would be subject to U.S. federal income tax (including any applicable alternative minimum tax) on our net taxable incomes. If we had to pay U.S. federal income tax, the amount of money available to distribute to stockholders and pay indebtedness would be reduced for the year or years involved, and we would no longer be required to distribute money to stockholders. Although we currently intend to operate in a manner designed to allow us to qualify as a REIT, future economic, market, legal, tax or other considerations may cause us to revoke the REIT election.

Furthermore, we own a direct interest in certain subsidiary REITs which elected to be taxed as REITs under Sections 856 through 860 of the Code. Provided that each subsidiary REIT qualifies as a REIT, our interest in such subsidiary REIT will be treated as a qualifying real estate asset for purposes of the REIT asset tests, and any dividend income or gains derived by us from such subsidiary REIT will generally be treated as income that qualifies for purposes of the REIT gross income tests. To qualify as a REIT, the subsidiary REIT must independently satisfy all of the REIT qualification requirements. If such subsidiary REIT were to fail to qualify as a REIT, and certain relief provisions did not apply, it would be treated as a regular taxable corporation and its income would be subject to U.S. federal income tax. In addition, a failure of the subsidiary REIT to qualify as a REIT could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT.

We May Pay Some Taxes, Reducing Cash Available for Stockholders.

Even if we qualify as a REIT for U.S. federal income tax purposes, we may be subject to some U.S. federal, foreign, state and local taxes on our income and property. Since January 1, 2001, certain of our corporate subsidiaries have elected to be treated as "taxable REIT subsidiaries" for U.S. federal income tax purposes, and are taxable as regular corporations and subject to certain limitations on intercompany transactions. If tax authorities determine that amounts paid by our taxable REIT subsidiaries to us are greater than what would be paid under similar arrangements among unrelated parties, we could be subject to a 100% penalty tax on the excess payments, and ongoing intercompany arrangements could have to change, resulting in higher ongoing tax payments. To the extent we are required to pay U.S. federal, foreign, state or local taxes or U.S. federal penalty taxes due to existing laws or changes to them, we will have less cash available for distribution to our stockholders.

Potential Changes to U.S. Tax Laws and Related Interpretations Could Adversely Impact Us.

Tax laws are under constant review by persons involved in the legislative process, at the Internal Revenue Service and the U.S. Department of Treasury, and by various state and local tax authorities. Publicly related statements signal that a high priority of the new Congress and administration may be meaningful reform of the Internal Revenue Code, including significant changes to taxation of business entities and the deductibility of interest expense and capital investment. A substantial lack of clarity exists around the likelihood, timing, and details of any such tax reform and the impact of any potential tax reform on us or an investment in our securities.

We cannot predict whether, when, in what forms, or with what effective dates, new U.S. federal tax laws, regulations, and administrative interpretations applicable to us or our shareholders may be changed. Any such change may negatively affect our liquidity, results of operations and business operations, and be adverse to our stockholders. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our shares.

Other Risk Factors Affecting Our Business
Some Potential Losses Are Not Covered by Insurance.
We carry comprehensive insurance coverage for losses resulting from property damage and environmental liability and business interruption claims on all of our Properties. In addition we carry liability coverage for other activities not specifically related to property operations. These coverages include, but are not limited to, Directors & Officers liability, Employer Practices liability, Fiduciary liability and Cyber liability. We believe that the policy specifications and coverage limits of these policies should be adequate and appropriate. There are, however, certain types of losses, such as punitive damages, lease and other contract claims that generally are not insured. Should an uninsured loss or a loss in excess of coverage limits occur, we could lose all or a portion of the capital we have invested in a Property or the anticipated future revenue from a Property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the Property.
Our current property and casualty insurance policies, which we plan to renew, expire on April 1, 2017. We have a $100 million loss limit with respect to our all-risk property insurance program including named windstorms, which include, for example, hurricanes. This loss limit is subject to additional sub-limits as set forth in the policy form, including, among others, a $25 million aggregate loss limit for an earthquake in California. Policy deductibles primarily range from a $125,000 minimum to 5% per unit of insurance for most catastrophic events. A deductible indicates our maximum exposure, subject to policy limits and sub-limits, in the event of a loss.
American with Disabilities Act Compliance Could be Costly.
Under the Americans with Disabilities Act of 1990 ("ADA"), all public accommodations and commercial facilities must meet certain federal requirements related to access and use by disabled persons. Compliance with the ADA requirements could involve removal of structural barriers to access or use by disabled persons. Other federal, state and local laws may require modifications to or restrict further renovations of our Properties with respect to such accesses. Although we believe that our Properties are in compliance in all material respects with present requirements, noncompliance with the ADA or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us. Such costs may adversely affect our ability to make distributions or payments to our investors.
Fluctuations in the Exchange Rate of the U.S. dollar to Other Currencies, Primarily the Canadian dollar, May Impact Our Business.
Many of our southern and northern Properties earn significant revenues from Canadian customers who visit during the winter season. In the event the value of Canadian currency decreases relative to the U.S. dollar, we may see a decline in revenue from these customers.
We Face Risks Relating to Expanding Use of Social Media Vehicles and Cybersecurity Incidents that Could Cause Loss of Confidential Information and Other Business Disruptions.
We rely extensively on internally and externally hosted computer systems to process transactions and manage our business, and our business is at risk from and may be impacted by cybersecurity incidents. These could include attempts to gain unauthorized access to our data and computer systems or steal confidential information, including credit card information from our customers, breaches due to employee error, malfeasance or other disruptions. Attacks can be both individual and/or highly organized attempts organized by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats. While we continue to improve our cybersecurity and take measures to protect our business, there is no guarantee such efforts will be successful in preventing a cyber incident and that our financial results will not be negatively impacted by such an incident. A cybersecurity incident could compromise the confidential information of our employees, customers and vendors to the extent such information exists on our systems or on the systems of third party providers. Such an incident could result in potential liability, damage our reputation and disrupt and affect our business operations and result in lawsuits against us.
In addition, the use of social media could cause us to suffer brand damage or information leakage. Negative posts or comments about us or our Properties on any social networking website could damage our, or our Properties' reputations. In addition, employees or others might disclose non-public sensitive information relating to our business through external media channels. The continuing evolution of social media will present us with new challenges and

risks.

Regulation of Chattel Financing May Affect Our Ability to Sell homes.

Since 2010, the regulatory environment has made it difficult for purchasers of manufactured homes and RVs to obtain financing. Legislation enacted in 2010 known as the SAFE Act (Safe Mortgage Licensing Act) requires community owners interested in providing financing for customer purchases of manufactured homes to register as a mortgage loan originator in states where they engage in such financing. In addition, the Dodd-Frank Act has amended the Truth in Lending Act and other consumer protection laws by adding requirements for residential mortgage loans, including limitations on mortgage origination activities, restrictions on high-cost mortgages and new standards for appraisals. The law also requires lenders to make a reasonable investigation into a borrower's ability to repay a loan. These requirements make it more difficult for homeowners to obtain affordable financing, and especially for moderate income people to obtain smaller loans to purchase manufactured housing or RVs.

Interpretation of and Changes to Accounting Policies and Standards Could Adversely Affect Our Reported Financial Results.

Our accounting policies and methods are fundamental to the manner in which we record and report our financial condition and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods in order to ensure that they comply with generally accepted accounting principles and reflect management's judgment as to the most appropriate manner in which to record and report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in reporting materially different amounts than would have been reported under a different alternative.

Additionally, the bodies that set accounting standards for public companies, including the Financial Accounting Standards Board ("FASB"), the SEC and others, periodically change or revise existing interpretations of the accounting and reporting standards that govern the way that we report our financial condition, results of operations, and cash flows. These changes can be difficult to predict and can materially impact our reported financial results. In some cases, we could be required to apply a new or revised accounting standard, or a revised interpretation of an accounting standard, retroactively, which could have a negative impact on reported results or result in the restatement of our financial statements for prior periods.

In May 2014, the FASB issued Accounting Standard Update no. 2014-09, "Revenue from Contracts with Customers," which will replace most existing revenue recognition guidance in U.S. GAAP (see Note 2 to the Consolidated Financial Statements for additional detail regarding this recently issued guidance).

In 2008, we began entering right-to-use contracts. Customers who enter upgraded right-to-use contracts are generally required to make an upfront nonrefundable payment to us. We incur significant selling and marketing expenses to originate the right-to-use contract upgrades, and the majority of expenses must be expensed in the period incurred, while the related revenues and commissions are generally deferred and recognized over the expected life of the contract, which is estimated based upon historical attrition rates. The deferral period used for right-to-use contract is currently estimated to be 40 years. As a result, we may incur a loss from entering right-to-use contract upgrades, build up a substantial deferred revenue liability balance, and recognize substantial non-cash revenue in the years subsequent to originally entering the contract upgrades. The deferral period is reviewed periodically and beginning in 2016, was changed to 40 years. This accounting may make it difficult for investors to interpret the financial results from the entry of right-to-use contract upgrades. At the time we began entering right-to-use contracts and after corresponding with the Office of the Chief Accountant at the SEC, we adopted a revenue recognition policy for the right-to-use contracts in accordance with the Codification Topic "Revenue Recognition" ("FASB ASC 605").

In February 2016, the FASB issued ("ASU 2016-02") Leases. which will amend the existing accounting standards for lease accounting guidance in U.S. GAAP (see Note 2 to the Consolidated Financial Statements for additional detail regarding this recently issued guidance).

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

General

Our Properties provide attractive amenities and common facilities that create a comfortable and attractive home for our customers, with most offering a clubhouse, a swimming pool, laundry facilities, cable television and internet service. Many also offer additional amenities such as sauna/whirlpool spas, golf courses, tennis, pickleball courts, shuffleboard and basketball courts, exercise rooms and various social activities. Since most of our customers generally own their home and live in our communities for a long time, it is their responsibility to maintain their homes and the surrounding area. It is our role to ensure that customers comply with our Property policies and to provide maintenance of the common areas, facilities and amenities. We hold periodic meetings with our Property management personnel for training and implementation of our strategies. The Properties historically have had, and we believe they will continue to have, low turnover and high occupancy rates.

Property Portfolio

As of December 31, 2016, we owned or had an ownership interest in a portfolio of 391 Properties located throughout the United States and British Columbia containing 146,610 residential Sites. A total of 126 of the Properties are encumbered by debt as of December 31, 2016 (see Note 8 to the Consolidated Financial Statements for a description of this debt). The distribution of our Properties throughout the United States reflects our belief that geographic diversification helps to insulate the portfolio from regional economic influences. We intend to target new acquisitions in or near markets where our Properties are located and will also consider acquisitions of properties outside such markets.

Our two largest Properties as determined by property operating revenues are Colony Cove, located in Ellenton, Florida, and Viewpoint Resort, located in Mesa, Arizona. Each accounted for approximately 2.0% of our total property operating revenues, including deferrals, for the year ended December 31, 2016.

The following table sets forth certain information relating to the Properties we owned as of December 31, 2016, categorized according to major markets and excluding Properties owned through joint ventures. The total number of annual Sites presented for the RV communities represents Sites occupied by annual customers and are presented as 100% occupied. The annual rent for each year presented is the annualized December monthly Site rent per occupant. Subtotals by markets and grand totals for all markets are presented on a weighted average basis.

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Florida East Coast:										
Cheron Village	Davie	FL	MH	30		202	202	99.0	%	$ 8,118
Carriage Cove	Daytona Beach	FL	MH	59		418	418	91.1	%	$ 6,702
Coquina Crossing	Elkton	FL	MH	316	26	597	597	91.5	%	$ 7,736
Bulow Plantation	Flagler Beach	FL	MH	323	181	276	276	99.6	%	$ 7,250
Bulow RV	Flagler Beach	FL	RV	(e)		352	92	100.0	%	$ 6,512
Carefree Cove	Ft. Lauderdale	FL	MH	20		164	164	93.9	%	$ 7,924
Park City West	Ft. Lauderdale	FL	MH	60		363	363	99.4	%	$ 7,877

Sunshine Holiday MH	Ft. Lauderdale	FL	MH	32		245	245	98.4	%	$ 8,064
Sunshine Holiday RV	Ft. Lauderdale	FL	RV	(e)		130	40	100.0	%	$ 7,074
Lake Worth Village	Lake Worth	FL	MH	117		823	823	86.5	%	$ 6,540
Maralago Cay	Lantana	FL	MH	102	5	602	602	99.8	%	$ 9,040
Coral Cay Plantation	Margate	FL	MH	121		818	818	99.0	%	$ 7,793

18

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Lakewood Village	Melbourne	FL	MH	68		349	349	87.4	%	$ 5,691
Miami Everglades	Miami	FL	RV	34		303	87	100.0	%	$ 6,856
Holiday Village	Ormond Beach	FL	MH	43		301	301	86.0	%	$ 5,630
Encore Super Park(Sunshine Holiday)	Ormond Beach	FL	RV	69		349	241	100.0	%	$ 7,074
The Meadows, FL	Palm Beach Gardens	FL	MH	55		378	378	94.2	%	$ 8,446
Breezy Hill RV	Pompano Beach	FL	RV	52		762	398	100.0	%	$ 7,454
Highland Wood RV	Pompano Beach	FL	RV	15		148	17	100.0	%	$ 6,230
Lighthouse Pointe	Port Orange	FL	MH	64		433	433	83.6	%	$ 5,819
Pickwick	Port Orange	FL	MH	84	4	432	432	100.0	%	$ 6,630
Rose Bay (c)	Port Orange	FL	RV	21		303	207	100.0	%	$ 5,266
Space Coast	Rockledge	FL	RV	24		270	161	100.0	%	$ 4,393
Indian Oaks	Rockledge	FL	MH	38		208	208	100.0	%	$ 5,346
Countryside at Vero Beach	Vero Beach	FL	MH	125		644	644	90.8	%	$ 6,946
Heritage Plantation	Vero Beach	FL	MH	64		437	437	84.2	%	$ 6,483
Holiday Village, FL	Vero Beach	FL	MH	20		128	128	—	%	$ —
Encore RV Park(Sunshine Travel)	Vero Beach	FL	RV	30	6	300	127	100.0	%	$ 6,004
Heron Cay	Vero Beach	FL	MH	130		589	589	86.8	%	$ 6,722
Vero Palm	Vero Beach	FL	MH	64		285	285	92.3	%	$ 7,478
Village Green	Vero Beach	FL	MH	174		782	782	85.9	%	$ 7,726
Palm Beach Colony	West Palm Beach	FL	MH	48		284	284	98.6	%	$ 5,822
Central:										
Clover Leaf Farms	Brooksville	FL	MH	227	18	779	779	97.3	%	$ 5,427
Clover Leaf Forest	Brooksville	FL	RV	30		277	139	100.0	%	$ 3,534
Clerbrook Golf & RV Resort	Clermont	FL	RV	288		1,255	435	100.0	%	$ 5,334

Encore Super Park(Lake Magic)	Clermont	FL	RV	69		471	146	100.0	%	$ 5,422
Orange Lake	Clermont	FL	MH	38		242	242	96.7	%	$ 4,696
Orlando	Clermont	FL	RV	270	30	850	151	100.0	%	$ 4,478
Haselton Village	Eustis	FL	MH	52		291	291	97.6	%	$ 4,052
Southern Palms	Eustis	FL	RV	120		950	345	100.0	%	$ 5,047
Lakeside Terrace	Fruitland Park	FL	MH	39		241	241	99.2	%	$ 4,249
Grand Island	Grand Island	FL	MH	35		362	362	68.2	%	$ 5,298
Sherwood Forest	Kissimmee	FL	MH	124		769	769	96.1	%	$ 6,454
Sherwood Forest RV	Kissimmee	FL	RV	107	43	513	134	100.0	%	$ 6,732
Tropical Palms (f)	Kissimmee	FL	RV	59		566	144	100.0	%	$ 7,088
Beacon Hill Colony	Lakeland	FL	MH	31		201	201	98.0	%	$ 4,852
Beacon Terrace	Lakeland	FL	MH	55		297	297	99.7	%	$ 4,823
Kings & Queens	Lakeland	FL	MH	18		107	107	91.6	%	$ 4,611
Lakeland Harbor	Lakeland	FL	MH	65		504	504	99.6	%	$ 4,743
Lakeland Junction	Lakeland	FL	MH	23		193	193	99.5	%	$ 5,248
Coachwood Colony	Leesburg	FL	MH	29		201	201	90.5	%	$ 4,565
Mid-Florida Lakes	Leesburg	FL	MH	290		1,225	1,225	85.4	%	$ 5,897

Properties	City	State	MH/RV	Acres [a]	Developable Acres [b]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Southernaire	Mt. Dora	FL	MH	14		114	114	87.7	%	$ 4,395
Foxwood	Ocala	FL	MH	56		365	365	84.4	%	$ 5,363
Oak Bend	Ocala	FL	MH	62	3	262	262	88.5	%	$ 5,032
Villas at Spanish Oaks	Ocala	FL	MH	69		455	455	87.5	%	$ 5,687
Audubon	Orlando	FL	MH	40		280	280	97.5	%	$ 4,810
Hidden Valley	Orlando	FL	MH	50		303	303	98.7	%	$ 6,817
Starlight Ranch	Orlando	FL	MH	130		783	783	88.3	%	$ 6,412
Covington Estates	Saint Cloud	FL	MH	59		241	241	98.8	%	$ 4,827
Parkwood Communities	Wildwood	FL	MH	121		694	694	97.6	%	$ 3,560
Three Flags RV Resort	Wildwood	FL	RV	23		221	42	100.0	%	$ 2,908
Winter Garden	Winter Garden	FL	RV	27		350	130	100.0	%	$ 5,624
Gulf Coast (Tampa/Naples):										
Toby’s RV	Arcadia	FL	RV	44		379	272	100.0	%	$ 3,295
Riverside RV (c)	Arcadia	FL	RV	196		499	13	100.0	%	$ 7,706
Sunshine Key	Big Pine Key	FL	RV	54		409	98	100.0	%	$ 12,339
Encore RV Park(Manatee)	Bradenton	FL	RV	42		415	226	100.0	%	$ 6,081
Windmill Manor	Bradenton	FL	MH	49		292	292	100.0	%	$ 7,252
Glen Ellen	Clearwater	FL	MH	12		106	106	90.6	%	$ 4,298
Hillcrest	Clearwater	FL	MH	25		278	278	100.0	%	$ 5,961
Holiday Ranch	Clearwater	FL	MH	12		150	150	96.0	%	$ 5,617
Silk Oak	Clearwater	FL	MH	19		181	181	96.1	%	$ 5,663
Shady Oaks	Clearwater	FL	MH	31		249	249	97.6	%	$ 5,386
Shady Village	Clearwater	FL	MH	19		156	156	95.5	%	$ 5,431
Encore Super Park(Crystal Isles)	Crystal River	FL	RV	38		260	66	100.0	%	$ 5,288
Lake Haven	Dunedin	FL	MH	48		379	379	100.0	%	$ 6,595
Colony Cove (h)	Ellenton	FL	MH	538	36	2,207	2,207	96.5	%	$ 7,302
Ridgewood Estates	Ellenton	FL	MH	77		380	380	100.0	%	$ 5,539
Fiesta Key	Long Key	FL	RV	28		324	12	100.0	%	$ 9,753
Fort Myers Beach Resort	Fort Myers	FL	RV	31		306	106	100.0	%	$ 7,182
		FL	RV	25		246	153	100.0	%	$ 6,415

Sunburst RV Park(Gulf Air Travel)	Fort Myers Beach									
Sunburst RV Park(Barrington Hills)	Hudson	FL	RV	28		392	244	100.0	%	$ 3,808
Down Yonder	Largo	FL	MH	50		361	361	100.0	%	$ 7,076
East Bay Oaks	Largo	FL	MH	40		328	328	99.7	%	$ 5,891
Eldorado Village	Largo	FL	MH	25		227	227	100.0	%	$ 5,831
Shangri La	Largo	FL	MH	14		160	160	93.8	%	$ 5,610
Sunburst RV Park(Vacation Village)	Largo	FL	RV	29		293	182	100.0	%	$ 5,142
Whispering Pines - Largo	Largo	FL	MH	55		393	393	91.1	%	$ 6,150
Encore RV Park(Pasco)	Lutz	FL	RV	27		255	208	100.0	%	$ 4,713
Buccaneer	N. Ft. Myers	FL	MH	223	39	971	971	99.1	%	$ 7,445

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Island Vista MHC	N. Ft. Myers	FL	MH	121		616	616	76.1	%	$ 5,248
Lake Fairways	N. Ft. Myers	FL	MH	259		896	896	100.0	%	$ 6,989
Pine Lakes	N. Ft. Myers	FL	MH	314		584	584	100.0	%	$ 8,618
Sunburst RV Park(Pioneer Village)	N. Ft. Myers	FL	RV	90		733	382	100.0	%	$ 5,551
The Heritage	N. Ft. Myers	FL	MH	214	22	453	453	79.9	%	$ 6,726
Windmill Village	N. Ft. Myers	FL	MH	69		491	491	93.3	%	$ 5,712
Country Place	New Port Richey	FL	MH	82		515	515	99.8	%	$ 6,551
Hacienda Village	New Port Richey	FL	MH	66		505	505	99.0	%	$ 5,842
Harbor View	New Port Richey	FL	MH	69		471	471	97.5	%	$ 5,265
Bay Lake Estates	Nokomis	FL	MH	34		228	228	95.6	%	$ 7,565
Lake Village	Nokomis	FL	MH	65		391	391	99.7	%	$ 7,090
Encore Super Park(Royal Coachman-Sarasota South)	Nokomis	FL	RV	111		546	441	100.0	%	$ 7,887
Silver Dollar	Odessa	FL	RV	412		459	383	100.0	%	$ 7,585
Terra Ceia	Palmetto	FL	RV	18		203	155	100.0	%	$ 4,467
The Lakes at Countrywood	Plant City	FL	MH	122		424	424	92.9	%	$ 5,433
The Meadows at Countrywood	Plant City	FL	MH	140	13	737	737	96.4	%	$ 6,204
The Arbors at Countrywood	Plant City	FL	MH	(e)		62	62	—	%	$ —
The Oaks at Countrywood	Plant City	FL	MH	44		168	168	79.2	%	$ 4,879
Encore Super Park(Harbor Lakes)	Port Charlotte	FL	RV	80		528	322	100.0	%	$ 5,863
Emerald Lake	Punta Gorda	FL	MH	28		201	201	100.0	%	$ 5,180
Encore RV Park(Gulf View)	Punta Gorda	FL	RV	78		206	70	100.0	%	$ 5,535
Tropical Palms	Punta Gorda	FL	MH	50		294	294	90.5	%	$ 4,573
	Sarasota	FL	MH	74		471	471	99.8	%	$ 7,806

Winds of St. Armands No.										
Winds of St. Armands So.	Sarasota	FL	MH	61		306	306	100.0	%	$ 7,969
Peace River	Wauchula	FL	RV	72	38	454	58	100.0	%	$ 2,639
Topics	Spring Hill	FL	RV	35		230	166	100.0	%	$ 3,790
Pine Island	St. James City	FL	RV	31		363	107	100.0	%	$ 6,433
Carefree Village	Tampa	FL	MH	58		397	397	98.2	%	$ 5,474
Tarpon Glen	Tarpon Springs	FL	MH	24		169	169	89.9	%	$ 5,563
Featherock	Valrico	FL	MH	84		521	521	98.8	%	$ 5,870
Bay Indies	Venice	FL	MH	210		1,309	1,309	99.8	%	$ 9,142
Ramblers Rest	Venice	FL	RV	117		647	403	100.0	%	$ 7,187
Crystal Lakes-Zephyrhills	Zephyrhills	FL	MH	146	52	315	315	99.4	%	$ 4,056
Forest Lake Estates (c)	Zephyrhills	FL	MH	164		894	894	99.1	%	$ 5,069
Forest Lake Estates RV (c)	Zephyrhills	FL	RV	42	12	274	178	100.0	%	$ 3,308
Sixth Avenue	Zephyrhills	FL	MH	14		140	140	80.0	%	$ 2,868
Total Florida Market:				10,399	528	53,834	44,324	94.6	%	$ 6,450

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
California Northern California:										
Monte del Lago	Castroville	CA	MH	54		310	310	100.0	%	$ 14,275
Colony Park	Ceres	CA	MH	20		186	186	93.5	%	$ 6,814
Russian River	Cloverdale	CA	RV	41		135	6	100.0	%	$ 3,479
Snowflower (g)	Emigrant Gap	CA	RV	612	200	268	—	—	%	$ —
Four Seasons	Fresno	CA	MH	40		242	242	89.3	%	$ 4,775
Yosemite Lakes	Groveland	CA	RV	403	30	299	2	100.0	%	$ 2,244
Tahoe Valley (d) (g)	Lake Tahoe	CA	RV	86	20	413	—	—	%	$ —
Sea Oaks	Los Osos	CA	MH	18	1	125	125	100.0	%	$ 6,537
Ponderosa (d)	Lotus	CA	RV	22		170	16	100.0	%	$ 4,909
Turtle Beach	Manteca	CA	RV	39		79	24	100.0	%	$ 4,710
Coralwood (d)	Modesto	CA	MH	22		194	194	89.2	%	$ 7,980
Lake Minden	Nicolaus	CA	RV	165	82	323	8	100.0	%	$ 2,620
Lake of the Springs	Oregon House	CA	RV	954	507	541	59	100.0	%	$ 2,745
Concord Cascade	Pacheco	CA	MH	31		283	283	99.6	%	$ 8,971
San Francisco RV (g)	Pacifica	CA	RV	12		122	—	—	%	$ —
Quail Meadows	Riverbank	CA	MH	20		146	146	98.6	%	$ 8,450
California Hawaiian	San Jose	CA	MH	50		418	418	100.0	%	$ 12,299
Sunshadow (d)	San Jose	CA	MH	30		121	121	100.0	%	$ 12,156
Village of the Four Seasons	San Jose	CA	MH	30		271	271	100.0	%	$ 11,380
Westwinds (4 Properties) (d)	San Jose	CA	MH	88		723	723	100.0	%	$ 13,266
Laguna Lake	San Luis Obispo	CA	MH	100		300	300	100.0	%	$ 6,742
Contempo Marin	San Rafael	CA	MH	63		396	396	99.7	%	$ 11,953
DeAnza Santa Cruz	Santa Cruz	CA	MH	30		198	198	97.5	%	$ 18,563

Santa Cruz Ranch RV Resort (g)	Scotts Valley	CA	RV	7		106	—	—	%	$—
Royal Oaks	Visalia	CA	MH	20		149	149	81.2	%	$7,163
Southern California:										
Soledad Canyon	Acton	CA	RV	273		1,251	30	100.0	%	$3,484
Los Ranchos	Apple Valley	CA	MH	30		389	389	97.7	%	$7,114
Date Palm Country Club (d)	Cathedral City	CA	MH	232	3	538	538	98.9	%	$12,609
Date Palm RV	Cathedral City	CA	RV	(e)		140	17	100.0	%	$4,575
Oakzanita	Descanso	CA	RV	145	5	146	24	100.0	%	$3,337
Rancho Mesa	El Cajon	CA	MH	20		158	158	99.4	%	$12,577
Rancho Valley	El Cajon	CA	MH	19		140	140	100.0	%	$13,615
Royal Holiday	Hemet	CA	MH	22		198	198	63.6	%	$6,051
Idyllwild	Idyllwild	CA	RV	191		287	52	100.0	%	$2,998
Pio Pico	Jamul	CA	RV	176	10	512	95	100.0	%	$4,171
Wilderness Lakes	Menifee	CA	RV	73		529	41	100.0	%	$4,416
Morgan Hill	Morgan Hill	CA	RV	62		339	27	100.0	%	$4,381
Pacific Dunes Ranch (g)	Oceana	CA	RV	48		215	—	—	%	$—

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
San Benito	Paicines	CA	RV	199	23	523	46	100.0	%	$ 3,131
Palm Springs	Palm Desert	CA	RV	35		401	29	100.0	%	$ 3,271
Las Palmas	Rialto	CA	MH	18		136	136	100.0	%	$ 7,586
Parque La Quinta	Rialto	CA	MH	19		166	166	100.0	%	$ 4,565
Rancho Oso	Santa Barbara	CA	RV	310	40	187	24	100.0	%	$ 3,585
Meadowbrook	Santee	CA	MH	43		338	338	99.4	%	$ 9,805
Lamplighter	Spring Valley	CA	MH	32		270	270	100.0	%	$ 13,409
Santiago Estates	Sylmar	CA	MH	113	9	300	300	100.0	%	$ 14,498
Total California Market				5,017	930	13,681	7,195	95.2	%	$ 9,923
Arizona										
Countryside RV	Apache Junction	AZ	RV	53		560	282	100.0	%	$ 3,714
Golden Sun RV	Apache Junction	AZ	RV	33		329	195	100.0	%	$ 3,768
Apache East	Apache Junction	AZ	MH	17		123	123	97.6	%	$ 5,707
Denali Park	Apache Junction	AZ	MH	33		163	163	99.4	%	$ 4,705
Valley Vista	Benson	AZ	RV	6		145	7	100.0	%	$ 2,716
Casita Verde RV	Casa Grande	AZ	RV	14		192	96	100.0	%	$ 2,835
Fiesta Grande RV	Casa Grande	AZ	RV	77		767	521	100.0	%	$ 3,375
Foothills West RV	Casa Grande	AZ	RV	16		188	120	100.0	%	$ 2,755
Sunshine Valley	Chandler	AZ	MH	55		381	381	95.5	%	$ 6,207
Verde Valley	Cottonwood	AZ	RV	273	129	352	75	100.0	%	$ 3,410
Casa del Sol East II	Glendale	AZ	MH	29		239	239	97.9	%	$ 6,658
Casa del Sol East III	Glendale	AZ	MH	28		236	236	97.9	%	$ 7,011
Palm Shadows	Glendale	AZ	MH	33		293	293	95.2	%	$ 5,833
Mesa Spirit	Mesa	AZ	RV	90		1,600	664	100.0	%	$ 4,795
Monte Vista	Mesa	AZ	RV	142	56	832	739	100.0	%	$ 6,626
Viewpoint	Mesa	AZ	RV	332	15	2,188	1,673	100.0	%	$ 6,452
	Mesa	AZ	MH	51		364	364	98.6	%	$ 6,981

Hacienda de Valencia										
The Highlands at Brentwood	Mesa	AZ	MH	45		268	268	100.0	%	$ 7,892
Seyenna Vistas (The Mark)	Mesa	AZ	MH	60	4	407	407	99.8	%	$ 4,723
Apollo Village	Peoria	AZ	MH	29	3	238	238	95.8	%	$ 6,327
Casa del Sol West I	Peoria	AZ	MH	31		245	245	99.2	%	$ 6,663
Carefree Manor	Phoenix	AZ	MH	16		130	130	98.5	%	$ 5,804
Central Park	Phoenix	AZ	MH	37		293	293	99.3	%	$ 7,208
Desert Skies	Phoenix	AZ	MH	24		166	166	98.8	%	$ 6,585
Sunrise Heights	Phoenix	AZ	MH	28		199	199	97.5	%	$ 7,059
Whispering Palms	Phoenix	AZ	MH	15		116	116	99.1	%	$ 5,575
Desert Vista	Salome	AZ	RV	10		125	1	100.0	%	$ —
Sedona Shadows	Sedona	AZ	MH	48	6	198	198	99.5	%	$ 9,849
Venture In	Show Low	AZ	RV	26		389	270	100.0	%	$ 3,472
Paradise	Sun City	AZ	RV	80		950	758	100.0	%	$ 5,345

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
The Meadows	Tempe	AZ	MH	60		390	390	98.5	%	$ 7,641
Fairview Manor	Tucson	AZ	MH	28		236	236	98.3	%	$ 4,758
Westpark	Wickenburg	AZ	MH	48	7	231	231	93.9	%	$ 6,970
Araby	Yuma	AZ	RV	25		337	303	100.0	%	$ 4,004
Cactus Gardens	Yuma	AZ	RV	43		430	259	100.0	%	$ 2,663
Capri RV	Yuma	AZ	RV	20		303	218	100.0	%	$ 3,607
Desert Paradise	Yuma	AZ	RV	26		260	114	100.0	%	$ 2,745
Foothill	Yuma	AZ	RV	18		180	73	100.0	%	$ 2,690
Mesa Verde	Yuma	AZ	RV	28		345	289	100.0	%	$ 3,442
Suni Sands	Yuma	AZ	RV	34		336	190	100.0	%	$ 3,204
Total Arizona Market				2,061	220	15,724	11,763	96.7	%	$ 5,598
Colorado										
Hillcrest Village	Aurora	CO	MH	72		602	602	98.3	%	$ 8,131
Cimarron	Broomfield	CO	MH	50		327	327	97.9	%	$ 7,841
Holiday Village	Co. Springs	CO	MH	38		240	240	94.6	%	$ 7,284
Bear Creek	Sheridan	CO	MH	12		124	124	89.5	%	$ 7,771
Holiday Hills	Denver	CO	MH	99		736	736	89.5	%	$ 8,134
Golden Terrace	Golden	CO	MH	32		263	263	99.2	%	$ 8,382
Golden Terrace South	Golden	CO	MH	15		80	80	90.0	%	$ 7,911
Golden Terrace South RV (g)	Golden	CO	RV	(e)		80	—	—	%	$ —
Golden Terrace West	Golden	CO	MH	39	7	311	311	91.6	%	$ 8,241
Pueblo Grande	Pueblo	CO	MH	33		252	252	60.7	%	$ 4,728
Woodland Hills	Thornton	CO	MH	55		434	434	93.3	%	$ 8,109
				445	7	3,449	3,369	82.2	%	$ 7,797

Total Colorado Market										
Northeast										
Stonegate Manor	North Windham	CT	MH	114		372	372	95.2	%	$ 5,907
Waterford Estates	Bear	DE	MH	159		731	731	95.1	%	$ 7,579
Whispering Pines	Lewes	DE	MH	67	2	393	393	90.6	%	$ 5,843
Mariners Cove	Millsboro	DE	MH	101		374	374	58.3	%	$ 8,404
Aspen Meadows	Rehoboth Beach	DE	MH	46		200	200	100.0	%	$ 6,772
Camelot Meadows	Rehoboth Beach	DE	MH	61		301	301	100.0	%	$ 6,360
McNicol	Lewes	DE	MH	25		93	93	98.9	%	$ 5,968
Sweetbriar	Millsboro	DE	MH	38		146	146	94.5	%	$ 5,818
The Glen	Rockland	MA	MH	24		36	36	100.0	%	$ 7,884
Gateway to Cape Cod	Rochester	MA	RV	80		194	64	100.0	%	$ 2,579
Hillcrest - MA	Rockland	MA	MH	19		80	80	93.8	%	$ 7,168
Old Chatham RV	South Dennis	MA	RV	47	11	312	263	100.0	%	$ 4,681
Sturbridge	Sturbridge	MA	RV	223		155	94	100.0	%	$ 2,283
Fernwood	Capitol Heights	MD	MH	40		329	329	97.6	%	$ 6,834

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Williams Estates and Peppermint Woods	Middle River	MD	MH	121		803	803	100.0	%	$ 7,613
Mount Desert Narrows	Bar Harbor	ME	RV	90	12	206	7	100.0	%	$ 2,199
Patten Pond	Ellsworth	ME	RV	43	60	137	20	100.0	%	$ 2,267
Moody Beach	Wells	ME	RV	48	16	203	97	100.0	%	$ 3,596
Pinehurst RV Park	Old Orchard Beach	ME	RV	58		550	489	100.0	%	$ 3,865
Narrows Too	Trenton	ME	RV	42		207	6	100.0	%	$ 2,843
Sandy Beach RV	Contoocook	NH	RV	40		190	111	100.0	%	$ 3,658
Pine Acres	Raymond	NH	RV	100		421	287	100.0	%	$ 3,704
Tuxbury Resort	South Hampton	NH	RV	193	100	305	177	100.0	%	$ 3,130
Mays Landing	Mays Landing	NJ	RV	18		168	57	100.0	%	$ 2,596
Echo Farms	Ocean View	NJ	RV	31		237	220	100.0	%	$ 4,304
Lake & Shore	Ocean View	NJ	RV	162		401	276	100.0	%	$ 5,430
Chestnut Lake	Port Republic	NJ	RV	32		185	40	100.0	%	$ 2,692
Sea Pines	Swainton	NJ	RV	75		549	309	100.0	%	$ 4,059
Pine Ridge at Crestwood	Whiting	NJ	MH	188		1,035	1,035	86.1	%	$ 6,171
Rondout Valley Resort	Accord	NY	RV	184	94	398	108	100.0	%	$ 3,119
Alpine Lake	Corinth	NY	RV	200	54	500	340	100.0	%	$ 3,461
Lake George Escape	Lake George	NY	RV	178	30	576	59	100.0	%	$ 3,863
The Woodlands	Lockport	NY	MH	225		1,182	1,182	89.6	%	$ 5,713
Greenwood Village	Manorville	NY	MH	79	14	512	512	97.3	%	$ 10,199
Brennan Beach	Pulaski	NY	RV	201		1,377	1,216	100.0	%	$ 2,664
Lake George Schroon Valley	Warrensburg	NY	RV	151		151	46	100.0	%	$ 3,342

Greenbriar Village	Bath	PA	MH	63		319	319	98.7	%	$ 7,571
Sun Valley	Bowmansville	PA	RV	86	3	265	198	100.0	%	$ 3,227
Green Acres	Breinigsville	PA	MH	149		595	595	96.5	%	$ 8,477
Gettysburg Farm	Dover	PA	RV	124		265	81	100.0	%	$ 2,394
Timothy Lake South	East Stroudsburg	PA	RV	65		327	115	100.0	%	$ 2,655
Timothy Lake North	East Stroudsburg	PA	RV	93		323	123	100.0	%	$ 2,473
Circle M	Lancaster	PA	RV	103		380	87	100.0	%	$ 3,516
Hershey Preserve	Lebanon	PA	RV	196	20	297	58	100.0	%	$ 3,267
Robin Hill	Lenhartsville	PA	RV	44		270	151	100.0	%	$ 2,962
PA Dutch County	Manheim	PA	RV	102		269	99	100.0	%	$ 2,258
Spring Gulch	New Holland	PA	RV	114		420	143	100.0	%	$ 4,479
Lil Wolf	Orefield	PA	MH	56		269	269	97.4	%	$ 7,681
Scotrun	Scotrun	PA	RV	63		178	137	100.0	%	$ 2,195
Appalachian	Shartlesville	PA	RV	86	30	358	210	100.0	%	$ 3,022
Mountain View - PA	Walnutport	PA	MH	45		189	189	93.1	%	$ 6,817
Total Northeast Market				4,892	446	18,733	13,647	94.4	%	$ 5,373
Southeast										
Hidden Cove	Arley	AL	RV	99	60	79	58	100.0	%	$ 2,732
Diamond Caverns Resort	Park City	KY	RV	714	350	220	12	100.0	%	$ 1,544

25

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Forest Lake	Advance	NC	RV	306	81	305	170	100.0	%	$ 2,792
Scenic	Asheville	NC	MH	27		203	203	85.7	%	$ 5,663
Waterway RV	Cedar Point	NC	RV	132		336	320	100.0	%	$ 4,268
Twin Lakes	Chocowinity	NC	RV	1,077	400	419	362	100.0	%	$ 3,312
Green Mountain Park	Lenoir	NC	RV	69	3	447	201	100.0	%	$ 1,950
Lake Gaston	Littleton	NC	RV	74		235	187	100.0	%	$ 2,549
Lake Myers RV	Mocksville	NC	RV	50		425	317	100.0	%	$ 2,462
Bogue Pines	Newport	NC	MH	28		150	150	76.7	%	$ 3,588
Whispering Pines	Newport	NC	RV	34		278	349	100.0	%	$ 3,859
Goose Creek	Newport	NC	RV	92	6	735	590	100.0	%	$ 4,375
Carolina Landing	Fair Play	SC	RV	73		192	64	100.0	%	$ 1,906
Inlet Oaks	Murrells Inlet	SC	MH	35		172	172	99.4	%	$ 4,743
The Oaks at Point South	Yemassee	SC	RV	10		93	27	100.0	%	$ 1,864
Natchez Trace	Hohenwald	TN	RV	672	140	531	173	100.0	%	$ 1,394
Cherokee Landing	Saulsbury	TN	RV	254	124	339	4	100.0	%	$ 1,539
Meadows of Chantilly	Chantilly	VA	MH	82		499	499	100.0	%	$ 12,758
Harbor View	Colonial Beach	VA	RV	69		146	36	100.0	%	$ 1,518
Lynchburg	Gladys	VA	RV	170	59	222	40	100.0	%	$ 1,355
Chesapeake Bay	Gloucester	VA	RV	282	80	392	148	100.0	%	$ 3,582
Virginia Landing	Quinby	VA	RV	863	178	233	1	100.0	%	$ 998
Regency Lakes	Winchester	VA	MH	165		523	523	96.2	%	$ 6,156
Williamsburg	Williamsburg	VA	RV	65		211	92	100.0	%	$ 2,301
Total Southeast Market				5,442	1,481	7,385	4,698	91.6	%	$ 4,429
Midwest										
O'Connell's	Amboy	IL	RV	286	89	725	368	100.0	%	$ 3,319
Pheasant Lake Estates	Beecher	IL	MH	160		613	613	97.4	%	$ 7,353
Pine Country	Belvidere	IL	RV	131	15	126	126	100.0	%	$ 1,942
	Elgin	IL	MH	111		616	616	87.5	%	$ 9,279

Willow Lake Estates										
Golf Vista Estates	Monee	IL	MH	144	4	408	408	92.2	%	$ 8,036
Indian Lakes	Batesville	IN	RV	545	149	1,000	499	100.0	%	$ 2,156
Horseshoe Lakes	Clinton	IN	RV	289	96	123	95	100.0	%	$ 1,287
Twin Mills RV	Howe	IN	RV	137	5	501	215	100.0	%	$ 2,273
Hoosier Estates	Lebanon	IN	MH	60		288	288	92.4	%	$ 3,863
Lakeside	New Carlisle	IN	RV	13		89	88	100.0	%	$ 2,668
Oak Tree Village	Portage	IN	MH	76		361	361	67.6	%	$ 5,555
North Glen Village	Westfield	IN	MH	88		282	282	80.1	%	$ 4,923
Lake in the Hills	Auburn Hills	MI	MH	51		238	238	92.0	%	$ 6,110
Bear Cave Resort	Buchanan	MI	RV	25	10	136	28	100.0	%	$ 2,290
Saint Claire	Saint Claire	MI	RV	210	100	229	95	100.0	%	$ 1,255
Swan Creek	Ypsilanti	MI	MH	59		294	294	97.3	%	$ 5,890
Cedar Knolls	Apple Valley	MN	MH	93		457	457	83.6	%	$ 7,664

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Cimarron Park	Lake Elmo	MN	MH	230		505	505	63.4	%	$ 7,841
Rockford Riverview Estates	Rockford	MN	MH	88		428	428	82.2	%	$ 4,997
Rosemount Woods	Rosemount	MN	MH	50		182	182	97.3	%	$ 7,306
Buena Vista	Fargo	ND	MH	76		399	399	86.0	%	$ 5,383
Meadow Park	Fargo	ND	MH	17		116	116	85.3	%	$ 4,041
Kenisee Lake	Jefferson	OH	RV	143	50	119	78	100.0	%	$ 1,439
Wilmington	Wilmington	OH	RV	109	41	169	117	100.0	%	$ 1,984
Rainbow Lake Manor	Bristol	WI	MH	99		270	270	97.4	%	$ 7,478
Fremont	Fremont	WI	RV	98	5	325	131	100.0	%	$ 3,018
Yukon Trails	Lyndon Station	WI	RV	150	30	214	136	100.0	%	$ 2,137
Blackhawk	Milton	WI	RV	214		490	345	100.0	%	$ 3,297
Lakeland	Milton	WI	RV	107		682	450	100.0	%	$ 3,985
Westwood Estates	Pleasant Prairie	WI	MH	95		327	327	94.5	%	$ 8,021
Plymouth Rock	Plymouth	WI	RV	133		610	423	100.0	%	$ 2,498
Tranquil Timbers	Sturgeon Bay	WI	RV	125		270	197	100.0	%	$ 2,311
Neshonoc Lakeside	West Salem	WI	RV	48		284	177	100.0	%	$ 3,507
Arrowhead	Wisconsin Dells	WI	RV	166	40	377	204	100.0	%	$ 1,983
Total Midwest Market				4,426	634	12,253	9,556	83.7	%	$ 4,865
Nevada, Utah and Idaho										
Coach Royale	Boise	ID	MH	12		91	91	76.9	%	$ 5,175
Maple Grove	Boise	ID	MH	38		271	271	81.5	%	$ 5,351
Shenandoah Estates	Boise	ID	MH	24		153	153	96.1	%	$ 6,211
West Meadow Estates	Boise	ID	MH	29		178	178	99.4	%	$ 5,989
Mountain View - NV	Henderson	NV	MH	72		354	354	99.2	%	$ 9,177
Las Vegas	Las Vegas	NV	RV	11		217	3	100.0	%	$ 5,331
Bonanza	Las Vegas	NV	MH	43		353	353	56.4	%	$ 6,671
Boulder Cascade	Las Vegas	NV	MH	39		299	299	75.3	%	$ 6,988

Cabana	Las Vegas	NV	MH	37		263	263	95.1	%	$ 7,418
Flamingo West	Las Vegas	NV	MH	37		258	258	98.4	%	$ 8,417
Villa Borega	Las Vegas	NV	MH	40		293	293	73.7	%	$ 7,332
Westwood Village	Farr West	UT	MH	46		314	314	100.0	%	$ 5,842
All Seasons	Salt Lake City	UT	MH	19		121	121	100.0	%	$ 6,620
St. George (g)	Hurricane	UT	RV	26		123	—	—	%	$ —
Nevada, Utah and Idaho				473	—	3,288	2,951	87.8	%	$ 6,957
Northwest										
Cultus Lake (Canada) (d)	Lindell Beach	BC	RV	15		178	46	100.0	%	$ 3,342
Thousand Trails Bend	Bend	OR	RV	289	100	351	57	100.0	%	$ 2,400
Shadowbrook	Clackamas	OR	MH	21		156	156	99.4	%	$ 8,856
Pacific City	Cloverdale	OR	RV	105		307	48	100.0	%	$ 2,996
Falcon Wood Village	Eugene	OR	MH	23		183	183	99.5	%	$ 7,206
Portland Fairview (c)	Fairview	OR	RV	30		407	286	100.0	%	$ 2,965

Property	City	State	MH/RV	Acres [a]	Developable Acres [b]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16		Annual Rent as of 12/31/16
Quail Hollow (d)	Fairview	OR	MH	21		137	137	100.0	%	$ 8,749
South Jetty	Florence	OR	RV	57		204	3	100.0	%	$ 2,038
Seaside Resort	Seaside	OR	RV	80		251	46	100.0	%	$ 3,346
Whaler's Rest Resort	South Beach	OR	RV	39		170	21	100.0	%	$ 3,329
Mt. Hood	Welches	OR	RV	115	30	436	76	100.0	%	$ 5,111
Birch Bay	Blaine	WA	RV	31		246	20	100.0	%	$ 3,288
Mt. Vernon	Bow	WA	RV	311		251	28	100.0	%	$ 3,370
Chehalis	Chehalis	WA	RV	309	85	360	15	100.0	%	$ 2,623
Grandy Creek	Concrete	WA	RV	63		179	1	100.0	%	$ 2,370
Tall Chief (g)	Fall City	WA	RV	71		180	—	—	%	$ —
La Conner (d)	La Conner	WA	RV	106	5	319	40	100.0	%	$ 3,831
Leavenworth	Leavenworth	WA	RV	255	50	266	23	100.0	%	$ 2,345
Thunderbird Resort	Monroe	WA	RV	45	2	136	23	100.0	%	$ 3,020
Little Diamond	Newport	WA	RV	360	119	520	2	100.0	%	$ 1,873
Oceana Resort	Ocean City	WA	RV	16		84	8	100.0	%	$ 1,906
Crescent Bar Resort	Quincy	WA	RV	14		115	18	100.0	%	$ 2,991
Long Beach	Seaview	WA	RV	17		144	15	100.0	%	$ 1,997
Paradise Resort	Silver Creek	WA	RV	60		214	12	100.0	%	$ 5,345
Kloshe Illahee	Federal Way	WA	MH	50		258	258	100.0	%	$ 10,595
Total Northwest Market				2,503	391	6,052	1,522	99.7	%	$ 6,215
Texas										
Alamo Palms	Alamo	TX	RV	58		643	321	100.0	%	$ 4,102
Bay Landing	Bridgeport	TX	RV	443	235	293	67	100.0	%	$ 2,206
Colorado River	Columbus	TX	RV	218	51	132	21	100.0	%	$ 3,308
Victoria Palms	Donna	TX	RV	117		1,122	485	100.0	%	$ 5,283
Lake Texoma	Gordonville	TX	RV	201		301	106	100.0	%	$ 2,807
Sunburst RV Park(Lakewood)	Harlingen	TX	RV	30		301	108	100.0	%	$ 2,320
Paradise Park RV	Harlingen	TX	RV	60		563	294	100.0	%	$ 3,632
Encore RV Park (Sunshine RV)	Harlingen	TX	RV	84		1,027	386	100.0	%	$ 2,922
Tropic Winds	Harlingen	TX	RV	112	74	531	170	100.0	%	$ 3,206
Medina Lake	Lakehills	TX	RV	208	50	387	39	100.0	%	$ 2,813
Encore RV Resort(Paradise South)	Mercedes	TX	RV	49		493	197	100.0	%	$ 2,424
Lake Tawakoni	Point	TX	RV	324	11	293	110	100.0	%	$ 2,237

Fun n Sun RV	San Benito	TX	RV	135	40	1,435	635	100.0 %	$ 3,660
Southern Comfort	Weslaco	TX	RV	40		403	320	100.0 %	$ 3,330

Property	City	State	MH/RV	Acres [(a)]	Developable Acres [(b)]	Total Number of Sites as of 12/31/16	Total Number of Annual Sites as of 12/31/16	Annual Site Occupancy as of 12/31/16	Annual Rent as of 12/31/16
Sunburst RV Resort (Country Sunshine)	Weslaco	TX	RV	37		390	169	100.0 %	$ 2,548
Lake Whitney	Whitney	TX	RV	403	158	261	38	100.0%	$ 2,720
Lake Conroe	Willis	TX	RV	129	24	414	187	100.0%	$ 4,210
Total Texas Market				2,648	643	8,989	3,653	100.0%	$ 3,539
Grand Total All Markets				38,306	5,280	143,388	102,678	91.6 %	$ 6,193

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(a) Acres are approximate. Acreage for some Properties were estimated based upon 10 Sites per acre.

(b) Acres are approximate. There can be no assurance that developable acres will be developed. Development is contingent on many factors including, but not limited to, cost, ability to subdivide, accessibility, infrastructure needs, zoning, entitlement and topography.

(c) Property acquired in 2016.

(d) Land is leased by us under a non-cancelable operating lease (see Note 12 to the Consolidated Financial Statements).

(e) Acres for this RV park are included in the acres for the adjacent manufactured home community listed directly above this Property.

(f) Property not operated by us from January 1, 2016 to August 15, 2016, as the Property was leased to a third party operator.

(g) Property does not contain annual Sites.

(h) Property acreage excludes adjacent vacant land parcel purchased on August 15, 2016 for $2.0 million.

Item 3. Legal Proceedings

The legal proceedings disclosure is incorporated herein by reference from Note 18 to the Consolidated Financial Statements in this Form 10-K.

Item 4. Mine Safety Disclosure

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol ELS. On February 17, 2017, the reported closing price per share of ELS common stock on the NYSE was $76.50 and there were approximately 291 holders of record. The high and low sales prices and closing sales prices on the NYSE and distributions for our common stock during 2016 and 2015 are set forth in the table below:

	Close	High	Low	Distributions Declared
2016				
1st Quarter	$72.73	$73.95	$62.22	$ 0.4250
2nd Quarter	$80.05	$80.07	$68.35	$ 0.4250
3rd Quarter	$77.18	$83.19	$76.05	$ 0.4250
4th Quarter	$72.10	$77.33	$65.87	$ 0.4250
	Close	High	Low	Distributions Declared
2015				
1st Quarter	$54.95	$58.11	$51.57	$ 0.3750
2nd Quarter	$52.58	$55.74	$51.79	$ 0.3750
3rd Quarter	$58.57	$59.59	$52.40	$ 0.3750
4th Quarter	$66.67	$66.89	$57.71	$ 0.3750

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased [(a)]	Average Price Paid per Share [(a)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
10/1/16-10/31/16	—	$ —	None	None
11/1/16-11/30/16	—	$ —	None	None
12/1/16-12/31/16	32,986	$ 72.10	None	None

(a) Of the common stock repurchased from October 1, 2016 through December 31, 2016, 32,986 shares were repurchased at the open market price and represent common stock surrendered to us to satisfy income tax withholding obligations due as a result of the vesting of Restricted Share Grants. Certain of our executive officers and directors may from time to time adopt non-discretionary, written trading plans that comply with Securities and Exchange Commission Rule 10b5-1, or otherwise monetize their equity-based compensation. The Securities and Exchange Commission Rule 10b5-1 provides executives with a method to monetize their equity-based compensation in an automatic and non-discretionary manner over time.

Item 6. Selected Financial Data

The following table sets forth selected financial and operating information on a historical basis. The historical operating data has been derived from our historical financial statements. The following information should be read in conjunction with all of the financial statements and notes thereto included elsewhere in this Form 10-K.

Equity LifeStyle Properties, Inc.
Consolidated Historical Financial Information
(Amounts in thousands, except for per share and property data)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Income Statement Data:					
Total Revenues	$870,435	$821,654	$776,809	$729,048	$684,298
Total Expenses	(685,908)	(675,231)	(644,376)	(653,840)	(622,450)
Equity in income from unconsolidated joint ventures	2,605	4,089	4,578	2,039	1,899
Gain on sale of property [1]	—	—	1,457	—	—
Income from discontinued operations	—	—	—	7,133	6,116
Gain on sale of property, net of taxes	—	—	—	41,525	4,596
Consolidated net income	$187,132	$150,512	$138,468	$125,905	$74,459
Net income available for Common Stockholders	$164,037	$130,145	$118,731	$106,919	$54,779
Comprehensive income attributable to Common Stockholders	$164,339	$129,988	$119,234	$108,443	$54,742
Earnings per Common Share - Basic	$1.93	$1.55	$1.42	$1.29	$0.67
Earnings per Common Share - Fully Diluted	$1.92	$1.54	$1.41	$1.28	$0.66
Distributions declared per Common Share outstanding	$1.70	$1.50	$1.30	$1.00	$0.88
Weighted average Common Shares outstanding - basic	84,778	84,031	83,362	83,018	82,348
Weighted average Common Shares outstanding - fully diluted	92,569	91,907	91,511	91,196	90,862
Balance Sheet Data:					
Real estate, before accumulated depreciation	$4,685,336	$4,477,599	$4,387,913	$4,228,106	$4,044,650
Total assets [2]	$3,478,987	$3,400,400	$3,429,225	$3,374,740	$3,379,766
Total mortgage notes and term loan [2]	$2,091,279	$2,126,052	$2,195,133	$2,174,799	$2,252,666
Series C Preferred Stock [3]	$136,144	$136,144	$136,144	$136,144	$136,144
Total Common Equity [4]	$872,399	$788,924	$775,849	$827,061	$788,158
Other Data:					
Funds from operations [5]	$302,827	$261,009	$246,588	$191,049	$209,993
Normalized funds from operations [5]	$306,459	$279,052	$253,257	$232,298	$209,688
Total Properties (at end of period)	391	387	384	377	383
Total Sites (at end of period)	146,610	143,938	143,113	139,126	142,679

1. Effective January 1, 2014, we adopted on a prospective basis Accounting Standard Update 2014-08, Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity which changed the definition of discontinued operations. Under the new guidance the gain on sale of property recognized during the year ended December 31, 2014 did not meet the criteria of discontinued operations and accordingly it is presented as part of our continuing operations.
2. Effective January 1, 2016 we adopted Accounting Standard Update 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs and Accounting Standard Update 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. As a result, we reclassified deferred financing costs to mortgage notes payable in the amount of $18.9 million, $16.1 million, $16.4 million and $15.6 million as of December 31, 2015, 2014, 2013 and 2012, respectively. In addition, we reclassified deferred financing costs to term loan in the amount of $0.8 million, $1.0 million, $1.2 million and $1.6 million as of December 31, 2015, 2014, 2013 and 2012, respectively. Also, we reclassified deferred financing costs related to our unsecured line of credit to Escrow deposits, goodwill, and other assets, net in the amount of $3.7 million, $4.7 million, $2.3 million and $3.5 million as of December 31, 2015, 2014, 2013 and 2012, respectively.
3. In 2012, we issued 54,458 shares of Series C Preferred Stock which are represented by Depositary Shares. We also exchanged 5,445,765 shares of our Series A Preferred Stock for 5,445,765 Depositary Shares, each representing 1/100th of a share of Series C Preferred Stock. Also in 2012, we redeemed the remaining 2,554,235 shares of Series A Preferred Stock.
4. In 2016, we sold 683,548 shares of our common stock, par value $0.01 per share, under our "at the market" ("ATM") equity offering Program at an average per share sales price of approximately $73.15 for gross cash proceeds of approximately $50.0 million before expenses of approximately $0.7 million. As of December 31, 2016, $75.0 million of common stock remained available for issuance under the ATM equity offering program.
5. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Form 10-K for information regarding why we present funds from operations and normalized funds from operations and for a reconciliation of these non-GAAP financial measures to net income available for Common Stockholders.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Selected Financial Data" and the historical Consolidated Financial Statements and Notes thereto appearing elsewhere in this Form 10-K.

2016 Accomplishments

- Occupancy of manufactured home Sites within our Core Portfolio (as defined below) increased by 597 Sites to 94.0% as of December 31, 2016 compared to 93.1% as of December 31, 2015.
- RV Revenue within our Core Portfolio increased by 5.9% as compared to 2015.
- New home sales volume increased by 179 homes, or 37.4% as compared to 2015.
- Closed on the acquisition of three RV resorts and one MH community for a total purchase price of approximately $120.5 million.
- Raised our annual dividend to $1.70 per share in 2016, an increase of 13.3% compared to $1.50 per share in 2015.
- Sold 683,548 shares for gross proceeds of $50.0 million through our at-the-market ("ATM") equity offering program.
- Closed on approximately $88.1 million of refinancing proceeds on six Properties and paid maturing debt of approximately $41.8 million. After closing on these loans, our current debt balance has a weighted average maturity of 10.1 years and approximately 32.0% of our outstanding secured debt is fully amortizing.

Overview and Outlook

Occupancy in our Properties, as well as our ability to increase rental rates, directly affects revenues. Our revenue streams are predominantly derived from customers renting our Sites on a long-term basis.

Our MH community Sites and annual RV resort Sites are leased on an annual basis. Seasonal Sites are leased to customers generally for one to six months. Transient 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. Sites designated as right-to-use Sites are primarily utilized to service the approximately 104,700 customers who have entered into right-to-use contracts. We also have interests in joint venture Properties for which revenue is classified as Equity in income from unconsolidated joint ventures in 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 December 31, 2016
Community Sites	71,000
Resort Sites:	
Annual	26,600
Seasonal	11,200
Transient	10,500
Right-to-use (1)	24,100
Joint Ventures (2)	3,200
	146,600

(1) Includes approximately 5,700 Sites rented on an annual basis.

(2) Includes approximately: 2,300 annual Sites, 400 seasonal Sites and 500 transient Sites.

For the periods presented, our Core Portfolio ("Core Portfolio") consists of our Properties owned and operated during the entire period. This measure is useful to investors for annual comparison as it removes the fluctuations associated with acquisitions, dispositions and significant transactions or unique situations, which are included in income from property operations, excluding deferrals and property management. For the year ended December 31, 2016, property operating revenues in our Core Portfolio, excluding deferrals, were up 4.6% and property operating expenses in our Core Portfolio, excluding deferrals and property management, were up 3.2%, resulting in an increase in our Core

Portfolio net operating income before deferrals and property management of 5.7%.

Our Core Portfolio occupancy consists of occupied home sites in our MH communities. Our Core Portfolio average occupancy was 93.5% for the year ended December 31, 2016, compared to 92.6% for the year ended December 31, 2015. Our historical high was 94.6% in 2000. In the years following the disruption in the site-built housing market, our home sales business was negatively affected by our customers' inability to sell their existing site-built homes and relocate to their retirement destination. As a result, we focused on home rental rather than sales as our primary source of occupancy upon turnover. At its peak, in 2013, rental occupancy represented almost 10.0% of our Core Portfolio occupancy. In recent years we have focused on the quality of occupancy growth by increasing the number of manufactured homeowners in our Core Portfolio. As of December 31, 2016, we increased occupancy of manufactured homes within our Core Portfolio by 597 sites with an increase in homeowner occupancy of

814 sites compared to occupancy at December 31, 2015. By comparison, as of December 31, 2015, our Core Portfolio occupancy increased by 473 sites with an increase in homeowner occupancy of 749 sites compared to occupancy at December 31, 2014.

As of December 31, 2016, we had 4,750 occupied rental homes, which represents 7.2% of our occupancy in our manufactured home communities. For the years ended December 31, 2016 and 2015, home rental program net operating income was approximately $32.3 million and $32.8 million, respectively, net of rental asset depreciation expense of approximately $10.7 million for each of the comparative periods. Approximately $35.7 million and $36.6 million of home rental operations revenue was included in community base rental income for the years ended December 31, 2016 and 2015, respectively (see the Rental Operations tables in the sections below for additional detail regarding our rental activity). We believe at this time we compete effectively with other types of rentals (i.e., apartments). We continue to evaluate home rental operations and expect to continue to invest in additional units.

Approximately one third of our rental agreements on MH community Sites have rent increases that are directly or indirectly connected to published CPI statistics that are issued from June through September of the year prior to the increase effective date. Approximately one half of those rental agreements have a CPI floor of approximately 3.0%. State and local rent control regulations affect 27 Properties, including 19 of our 49 California Properties, all of our seven Delaware Properties and one of our five Massachusetts Properties. The impact of the rent control regulations is to limit our ability to implement rent increases based on prevailing market conditions. The regulations generally permit us to increase rates by a percentage of the increase in the CPI, which may be national, regional or local, depending on the rent control ordinance. The limit on rent increases may range from 60.0% to 100.0% of CPI with certain maximum limits depending on the jurisdiction.

We continue to see population growth in our key markets, increased access to distribution channels for our products and a renewed willingness by our customers to commit to us for longer periods of time. We place homes in communities where we believe we can successfully sell homes. At these communities we have been successful at increasing home ownership and we continue to allocate capital to home purchases based on our assessment of market conditions. New home sales in our Core Portfolio increased 37.4% over the prior year. The recent new home sales have been primarily in our California, Colorado and Florida communities (see the Home Sales Operations tables in the sections below for additional detail regarding our home sales activity).

In the ordinary course of business, we acquire used homes from customers through purchase, foreclosure of a lien, or abandonment. We have seen a decrease in the number of homes coming back to us, which we believe generally means that our residents have the opportunity to resell their homes. While we continue to focus on selling homes, we continue to evaluate rental units, and based on market conditions, we expect to invest in additional new homes for customer rentals.

During 2013 we formed a joint venture, ECHO Financing, LLC (the "ECHO JV"), with a home manufacturer to buy and sell homes, as well as to purchase loans made by an unaffiliated lender to purchasers of such homes at our Properties. The ECHO JV may also rent homes to customers in our communities. We also have a limited program under which we purchase loans made by an unaffiliated lender to purchasers of homes at our Properties.

In the manufactured housing industry, chattel financing options available today include community owner funded programs or third party lender programs that provide subsidized financing to customers and require the community owner to guarantee losses upon customer defaults. Third party lender programs have stringent underwriting criteria, sizable down payment requirements, short loan amortization and high interest rates.

In our RV portfolio, we offer a variety of products that provide our customers the opportunity to place their housing unit, which may include RVs or resort cottages, either permanently or on a long-term or short-term basis at our Properties. We are focused on engaging with our existing customers and providing them the lifestyle they seek as well as attracting additional customers interested in our Properties. We continue to experience growth in our annual revenues in our Core RV portfolio as a result of our ability to increase rental rates and occupancy. Our 2016 Core Portfolio annual revenues were 5.7% higher than in 2015. Seasonal revenues and transient revenues increased 3.1% and 8.5%, respectively, over the prior year.

We also offer low-cost membership products in our RV business that focus on the installed base of approximately nine million RV owners. We offer a Thousand Trails Camping Pass ("TTC") (formerly Zone Park Pass), a right-to-use contract, which can be purchased for one to five geographic areas of the United States and requires an annual payment of $545. A single zone TTC requires no additional upfront payment while additional zones may be purchased for modest additional upfront payments. Since the introduction of low-cost membership products, we have entered into approximately 64,800 TTCs. Our renewal rate for these memberships is approximately 31.2%.

We have a program with RV dealers to provide the dealer with a TTC membership to give to their customers in connection with the purchase of an RV. No cash is received from the member during the first year of membership for memberships activated through the RV dealer program. Since inception, we have activated approximately 46,200 TTCs through the RV dealer program. Our renewal rate for these RV dealer memberships in 2016 is approximately 15.9%.

Management's Discussion (continued)

The table below provides additional details regarding our TTCs for the past five years:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
TTC Origination	10,198	15,607	18,187	25,544	29,576
TTC Sales	8,909	9,289	10,014	11,877	12,856
RV Dealer TTC Activations	1,289	6,318	8,173	13,667	16,720

Existing customers are eligible to upgrade their right-to-use contract from time-to-time. An upgrade is distinguishable from a new right-to-use contract that a customer would enter by, depending on the type of upgrade, offering (1) increased length of consecutive stay by 50% (i.e., up to 21 days); (2) ability to make earlier advance reservations; (3) discounts on rental units; (4) access to additional Properties, which may include use of Sites at non-membership RV resorts and (5) membership in discount travel programs. Each upgrade contract requires a nonrefundable upfront payment. We offer financing for the nonrefundable upfront payment to eligible customers.

We believe our RV customer base is loyal and engaged in the lifestyle we offer at our Properties. We have annual customers who have stayed with us for more than ten years and our member base includes members who have camped with us for more than twenty years. Our social media presence has increased within this member base and we have also been successful at providing a venue for our customers to promote our Properties by encouraging them to share their memories of their experiences at our resorts. 2016 is the third full year of enhanced marketing campaigns to drive traffic to our properties and websites. In that time period, we have tripled our social media fan base to the current level of 340,000. Our annual online visitors have doubled, and we have tripled our RV reservations booked online.

Property Acquisitions, Joint Ventures and Dispositions

The following chart lists the Properties or portfolios acquired, invested in, or sold during the period January 1, 2015 through December 31, 2016.

Property	Transaction Date	Sites
Total Sites as of January 1, 2015		143,113
Acquisitions Properties:		
Bogue Pines	February 9, 2015	150
Whispering Pines	February 9, 2015	278
Miami Everglades	June 26, 2015	303
Rose Bay	January 27, 2016	303
Portland Fairview	May 26, 2016	407
Forest Lakes Estates	June 15, 2016	1,168
Riverside RV	October 13, 2016	499
Expansion Site Development and other:		
Sites added (reconfigured) in 2015		94
Sites added (reconfigured) in 2016		295
Total Sites as of December 31, 2016		146,610

Our gross investment in real estate has increased approximately $207.7 million to $4,685.3 million as of December 31, 2016 from $4,477.6 million as of December 31, 2015 primarily due to increased capital expenditures as well as the acquisition of four Properties: Rose Bay RV Resort, Portland Fairview, Forest Lakes Estates and Riverside RV.

Management's Discussion (continued)

Markets

The following table identifies our largest markets by number of Sites and provides information regarding our Properties (excluding five Properties owned through Joint Ventures).

Major Market	Total Sites	Number of Properties	Percent of Total Sites		Percent of Total Property Operating Revenues (1)	
Florida	53,834	124	37.6	%	41.6	%
Northeast	18,733	51	13.1	%	11.5	%
Arizona	15,724	40	11.0	%	9.9	%
California	13,681	46	9.5	%	14.4	%
Midwest	12,253	34	8.5	%	7.0	%
Texas	8,989	17	6.2	%	2.8	%
Southeast	7,385	24	5.2	%	3.6	%
Northwest	6,052	25	4.2	%	3.3	%
Colorado	3,449	11	2.4	%	3.2	%
Other	3,288	14	2.3	%	2.7	%
Total	143,388	386	100.0	%	100.0	%

(1) Property operating revenues for this calculation excludes approximately $12.3 million of property operating revenue not allocated to Properties, which consists primarily of upfront payments from right-to-use contracts.

Qualification as a REIT

We believe that we have qualified for taxation as a real estate investment trust ("REIT") for U.S. federal income tax purposes since our taxable year ended December 31, 1993. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex and concern the ownership of our outstanding stock, the nature of our assets, the sources of our income and the amount of our distributions to our stockholders. The fact that we hold our assets through our Operating Partnership and our Subsidiaries further complicates the application of the REIT requirements.

If we fail to qualify as a REIT and are unable to correct such failure we would be subject to U.S. federal income tax at regular corporate rates. Also, unless the IRS granted us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first failed to qualify. Even if we qualify for taxation as a REIT, we are subject to certain foreign, state and local taxes on our income and property and U.S. federal income and excise taxes on our undistributed income.

Recent U.S. Federal Income Tax Legislation

On December 18, 2015, the Consolidated Appropriations Act, 2016 was enacted; an omnibus spending bill, with a division referred to as the Protecting Americans From Tax Hikes Act of 2015 (the "PATH Act"). The PATH Act changes certain of the rules affecting REIT qualification and taxation of REITs and REIT shareholders, which are briefly summarized below.

- For taxable years beginning after 2017, the percentage of a REIT's total assets that may be represented by securities of one or more taxable REIT Subsidiaries ("TRSs") is reduced from 25% to 20%.
- "Publicly offered REITs" (which generally include any REIT required to file annual and periodic reports with the SEC, including us) are no longer subject to the preferential dividend rules for taxable years beginning after 2014.
- For taxable years beginning after 2015, debt instruments issued by publicly offered REITs are qualifying assets for purposes of the 75% REIT asset test. However, no more than 25% of the value of a REIT's assets may consist of debt instruments that are issued by publicly offered REITs that are not otherwise treated as real estate assets, and interest on debt of a publicly offered REIT will not be qualifying income under the 75% REIT gross income test unless the debt is secured by real property.
-

For taxable years beginning after 2015, to the extent rent attributable to personal property is treated as rents from real property (because rent attributable to the personal property for the taxable year does not exceed 15% of the total rent for the taxable year for such real and personal property), the personal property will be treated as a real estate asset for purposes of the 75% REIT asset test. Similarly, a debt obligation secured by a mortgage on both real and personal property will be treated as a real estate asset for purposes of the 75% asset test, and interest thereon will be treated as interest on an obligation secured by real property, if the fair market value of the personal property does not exceed 15% of the fair market value of all property securing the debt.

Management's Discussion (continued)

- For taxable years beginning after 2015, a 100% excise tax will apply to "redetermined services income," i.e., non-arm's-length income of a REIT's TRS attributable to services provided to, or on behalf of, the REIT (other than services provided to REIT tenants, which are potentially taxed as redetermined rents).
- The rate of withholding tax applicable under FIRPTA to certain sales and other dispositions of U.S. real property interests ("USRPIs") by non-U.S. persons, and certain distributions from corporations whose stock may constitute a USRPI, is increased from 10% to 15% for dispositions and distributions occurring after February 16, 2016. Our common stock may constitute a USRPI to some holders because more than 50% of our assets consist of interests in real property located in the United States.
- For dispositions and distributions on or after December 18, 2015, the stock ownership thresholds for exemption from FIRPTA taxation on sale of stock of a publicly traded REIT and for recharacterizing capital gain dividends received from a publicly traded REIT as ordinary dividends is increased from not more than 5% to not more than 10%.
- Effective December 18, 2015, certain look-through, presumption, and other rules will apply for purposes of determining if we qualify as domestically controlled.
- For dispositions and distributions after December 18, 2015, certain "qualified foreign pension funds" satisfying certain requirements, as well as entities that are wholly owned by a qualified foreign pension fund, are exempt from income and withholding taxes applicable under FIRPTA. In addition, new FIRPTA rules apply to ownership of REIT shares by "qualified shareholders," which generally include publicly traded non-U.S. stockholders meeting certain requirements.
- For taxable years beginning after 2014, the period during which dispositions of properties with net built-in gains from C corporations in carry-over basis transactions will trigger the built-in gains tax is reduced from ten years to five years.

Supplemental 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 we believe are meaningful as they allow the investor 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 flow 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, Funds from Operations ("FFO") and Normalized Funds from Operations ("Normalized FFO"). We believe investors should review FFO, Normalized FFO and Income from property operations, 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 FFO, Normalized FFO and a reconciliation to net income are included in the presentation of FFO following our "Results of Operations."

Income from property operations represents rental income, utility income and right-to-use income less property operating and maintenance, real estate taxes, sales and marketing, and property management expenses. We believe that Income from property operations is helpful to investors and analysts as a direct measure of the actual operating results of our manufactured home and RV communities.

The following table reconciles Income from property operations to Income from continuing operations before equity in income of unconsolidated joint ventures and gain on sale of property for the years ended December 31, 2016, 2015, and 2014 (amounts in thousands):

	Total Portfolio		
	December 31, 2016	December 31, 2015	December 31, 2014
Income from property operations	$430,011	$ 402,446	$376,633
(Loss) Income from home sales operations and other	(846)	1,829	3,179
Total other income and expenses, net	(244,638)	(257,852)	(247,379)
	$184,527	$ 146,423	$132,433

Income from continuing operations before equity in income of unconsolidated
joint ventures and gain on sale of property

Results of Operations

Comparison of Year Ended December 31, 2016 to Year Ended December 31, 2015

Income from Property Operations

The following table summarizes certain financial and statistical data for our Core Portfolio and the total portfolio for the years ended December 31, 2016 and 2015 (amounts in thousands). The Core Portfolio may change from time-to-time depending on acquisitions, dispositions and significant transactions or unique situations. The Core Portfolio in this comparison of the years ended December 31, 2016 and December 31, 2015 includes all Properties acquired prior to December 31, 2014 and which we have owned and operated continuously since January 1, 2015. Core Portfolio growth percentages exclude the impact of U.S. GAAP deferrals of upfront payments from right-to-use contracts and related commissions.

Management's Discussion (continued)

	Core Portfolio				Total Portfolio			
	2016	2015	Variance	% Change	2016	2015	Variance	% Change
Community base rental income	$461,892	$441,642	$20,250	4.6 %	$464,745	$442,046	$22,699	5.1 %
Rental home income	14,107	14,007	100	0.7 %	14,107	14,012	95	0.7 %
Resort base rental income	194,204	183,394	10,810	5.9 %	201,533	184,760	16,773	9.1 %
Right-to-use annual payments	45,035	44,443	592	1.3 %	45,035	44,443	592	1.3 %
Right-to-use contracts current period, gross	12,327	12,783	(456)	(3.6)%	12,327	12,783	(456)	(3.6)%
Utility and other income	80,484	75,959	4,525	6.0 %	81,427	76,153	5,274	6.9 %
Property operating revenues, excluding deferrals	808,049	772,228	35,821	4.6 %	819,174	774,197	44,977	5.8 %
Property operating and maintenance	263,677	253,639	10,038	4.0 %	268,249	254,668	13,581	5.3 %
Rental home operating and maintenance	6,882	7,167	(285)	(4.0)%	6,883	7,167	(284)	(4.0)%
Real estate taxes	52,029	50,894	1,135	2.2 %	53,036	50,962	2,074	4.1 %
Sales and marketing, gross	11,056	11,750	(694)	(5.9)%	11,056	11,751	(695)	(5.9)%
Property operating expenses, excluding deferrals and Property management	333,644	323,450	10,194	3.2 %	339,224	324,548	14,676	4.5 %
Income from property operations, excluding deferrals and Property management [(1)]	474,405	448,778	25,627	5.7 %	479,950	449,649	30,301	6.7 %
Property management	47,081	44,527	2,554	5.7 %	47,083	44,528	2,555	5.7 %
Income from property operations, excluding deferrals [(1)]	427,324	404,251	23,073	5.7 %	432,867	405,121	27,746	6.8 %
Right-to-use contracts, deferred and sales and marketing, deferred, net	2,856	2,675	181	6.8 %	2,856	2,675	181	6.8 %
Income from property operations [(1)]	$424,468	$401,576	$22,892	5.7 %	$430,011	$402,446	$27,565	6.8 %

(1) Non-GAAP measure.

The increase in total portfolio Income from property operations is primarily due to increases in both Core and Non-Core community base rental income, resort base rental income, as well as increased utility and other income. The increase in Property operating revenues, excluding deferrals, is partially offset by increases in Property operating and maintenance expense and real estate taxes.

The 4.6% increase in Core Portfolio community base rental income primarily reflects a 3.7% growth from rate increases and a 0.9% growth from occupancy gains. The average monthly base rent per site in our Core portfolio increased to approximately $590 in 2016 from approximately $569 in 2015. The average occupancy for the Core Portfolio increased to 93.5% in 2016 from 92.6% in 2015.

Resort base rental income is comprised of the following (amounts in thousands):

	Core Portfolio				Total Portfolio			
	2016	2015	Variance	% Change	2016	2015	Variance	% Change
Annual	$121,103	$114,565	$6,538	5.7 %	$124,308	$115,314	$8,994	7.8 %
Seasonal	29,589	28,709	880	3.1 %	31,510	28,998	2,512	8.7 %
Transient	43,512	40,120	3,392	8.5 %	45,715	40,448	5,267	13.0 %
Resort base rental income	$194,204	$183,394	$10,810	5.9 %	$201,533	$184,760	$16,773	9.1 %

Right-to-use contracts current period, gross, net of sales and marketing, gross, decreased as a result of a lower number of upgrade sales by our third party sales agent. During the year ended December 31, 2016, there were 2,477 upgrade sales with an average price per sale of $4,978. This compares to 2,687 upgrade sales with an average price per sale of $4,745 for the year ended December 31, 2015.

The increase in Property operating and maintenance expenses was primarily driven by increased repairs and maintenance, Property payroll and utility expense. The increase in repairs and maintenance is largely due to extraordinary repairs and maintenance, specifically storm debris clean-up costs and a marina fire. Additionally, repairs and maintenance increased due to excess water hauling due to significant rainfall in the South region. The increase in Property payroll is driven by annual salary increases, while the increase in utility expense is primarily driven by increases in sewer, water and trash expenses at certain Properties, and is offset by the increase in utility recoveries reflected in utility and other income.

Management's Discussion (continued)

Home Sales Operations

The following table summarizes certain financial and statistical data for our Home Sales Operations for the years ended December 31, 2016 and 2015 (amounts in thousands, except home sales volumes).

	2016	2015	Variance	% Change
Gross revenues from new home sales [(1)]	$26,074	$17,674	$8,400	47.5 %
Cost of new home sales [(1)]	(26,028)	(16,678)	(9,350)	(56.1)%
Gross profit from new home sales	46	996	(950)	(95.4)%
Gross revenues from used home sales	11,117	15,476	(4,359)	(28.2)%
Cost of used home sales	(11,428)	(15,601)	4,173	26.7 %
Loss from used home sales	(311)	(125)	(186)	148.8 %
Brokered resale revenues and ancillary services revenues, net	2,994	4,149	(1,155)	(27.8)%
Home selling expenses	(3,575)	(3,191)	(384)	(12.0)%
(Loss) Income from home sales operations and other	$(846)	$1,829	$(2,675)	(146.3)%
Home sales volumes:				
New home sales [(2)]	658	479	179	37.4 %
New Home Sales Volume - ECHO JV	208	178	30	16.9 %
Used home sales	1,266	1,489	(223)	(15.0)%
Brokered home resales	792	884	(92)	(10.4)%

(1) New home sales gross revenues and costs of new home sales does not include the revenues and costs associated with our ECHO JV.

(2) Total new home sales volume includes home sales from our ECHO JV for the years ended December 31, 2016 and 2015, respectively.

The decrease in income from home sales operations and other is primarily due to a change in the home sales mix, increased home selling expenses and a decrease in ancillary services income.

Rental Operations

The following table summarizes certain financial and statistical data for our manufactured home Rental Operations for the years ended December 31, 2016 and 2015 (amounts in thousands, except rental unit volumes).

	2016	2015	Variance	% Change
New Home	$25,267	$22,801	$2,466	10.8 %
Used Home	24,578	27,826	(3,248)	(11.7)%
Rental operations revenue [(1)]	49,845	50,627	(782)	(1.5)%
Rental home operating and maintenance	(6,883)	(7,167)	284	4.0 %
Income from rental operations	42,962	43,460	(498)	(1.1)%
Depreciation on rental homes [(2)]	(10,664)	(10,675)	11	0.1 %
Income from rental operations, net of depreciation	$32,298	$32,785	$(487)	(1.5)%
Gross investment in new manufactured home rental units [(3)]	$126,455	$111,814	$14,641	13.1 %
Gross investment in used manufactured home rental units	$51,467	$57,427	$(5,960)	(10.4)%
Net investment in new manufactured home rental units	$99,322	$89,682	$9,640	10.7 %
Net investment in used manufactured home rental units	$24,428	$36,052	$(11,624)	(32.2)%
Number of occupied rentals – new, end of period[(4)]	2,375	2,170	205	9.4 %
Number of occupied rentals—used, end of period	2,375	2,797	(422)	(15.1)%

(1) Rental operations revenue consists of Site rental income and home rental income. Approximately $35.7 million and $36.6 million for the years ended December 31, 2016 and 2015, respectively, of Site rental income are included in Community base rental income in the Income from Property Operations table. The remainder of home rental income is included in Rental home income in the Income from Property Operations table.

(2) Included in depreciation on real estate and other costs 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 $15.4 million and $10.4 million at December 31, 2016, and 2015, respectively.

(4) Includes 183 and 100 homes rented through our ECHO JV in 2016 and 2015, respectively.

Management's Discussion (continued)

The decrease in income from rental operations, net of depreciation is primarily due to a decrease in the number of used occupied rental units. As of December 31, 2016 the used occupancy decrease is partially offset by an increased number of occupied new homes at a higher rental rate.

Other Income and Expenses

The following table summarizes other income and expenses for the years ended December 31, 2016 and 2015 (amounts in thousands).

	2016	2015	Variance	% Change
Depreciation on real estate and rental homes	$(117,400)	$(113,609)	$(3,791)	(3.3)%
Amortization of in-place leases	(3,373)	(2,358)	(1,015)	(43.0)%
Interest income	6,845	7,030	(185)	(2.6)%
Income from other investments, net	7,310	7,359	(49)	(0.7)%
General and administrative (excluding transaction costs)	(29,787)	(29,514)	(273)	(0.9)%
Transaction costs	(1,217)	(1,130)	(87)	(7.7)%
Property rights initiatives and other, net	(4,986)	(2,986)	(2,000)	(67.0)%
Early debt retirement	—	(16,913)	16,913	100.0 %
Interest and related amortization	(102,030)	(105,731)	3,701	3.5 %
Total other income and expenses, net	$(244,638)	$(257,852)	$13,214	5.1 %

At December 31, 2016, other expenses decreased $13.2 million as compared to December 31, 2015. The variance from prior year is driven by approximately $17.0 million of early debt retirement fees associated with defeasance and prepayment activity during the first quarter of 2015 (see Note 8 to the Consolidated Financial Statements for additional detail regarding our first quarter of 2015 defeasance and refinancing activity). Additionally, interest and related amortization decreased compared to the prior year due to the decrease in secured debt related to refinancing and payment activity as well as lower weighted average interest rates.

These decreases are partially offset by increases in depreciation on real estate and rental homes and property rights initiatives and other, net. These expenses increased due to higher capital expenditures, 2016 acquisitions properties (see Note 5 to the Consolidated Financial Statements for additional detail regarding our recent acquisition activity) as well as $2.4 million related to resolution of the California lawsuits (see Note 18 to the Consolidated Financial Statements for additional detail regarding these matters).

Management's Discussion (continued)

Comparison of Year Ended December 31, 2015 to Year Ended December 31, 2014

Income from Property Operations

The following table summarizes certain financial and statistical data for the Core Portfolio and the total portfolio for the years ended December 31, 2015 and 2014 (amounts in thousands).

	Core Portfolio				Total Portfolio			
	2015	2014	Variance	% Change	2015	2014	Variance	% Change
Community base rental income	$441,642	$426,886	$14,756	3.5 %	$442,046	$426,886	$15,160	3.6 %
Rental home income	14,010	14,827	(817)	(5.5)%	14,012	14,827	(815)	(5.5)%
Resort base rental income	172,455	159,901	12,554	7.9 %	184,760	163,968	20,792	12.7 %
Right-to-use annual payments	44,443	44,862	(419)	(0.9)%	44,443	44,860	(417)	(0.9)%
Right-to-use contracts current period, gross	12,783	13,892	(1,109)	(8.0)%	12,783	13,892	(1,109)	(8.0)%
Utility and other income	75,038	69,962	5,076	7.3 %	76,153	70,209	5,944	8.5 %
Property operating revenues, excluding deferrals	760,371	730,330	30,041	4.1 %	774,197	734,642	39,555	5.4 %
Property operating and maintenance	248,459	242,085	6,374	2.6 %	254,668	243,914	10,754	4.4 %
Rental home operating and maintenance	7,165	7,440	(275)	(3.7)%	7,167	7,441	(274)	(3.7)%
Real estate taxes	50,163	48,493	1,670	3.4 %	50,962	48,714	2,248	4.6 %
Sales and marketing, gross	11,742	12,418	(676)	(5.4)%	11,751	12,418	(667)	(5.4)%
Property operating expenses, excluding deferrals and Property management	317,529	310,436	7,093	2.3 %	324,548	312,487	12,061	3.9 %
Income from property operations, excluding deferrals and Property management [1]	442,842	419,894	22,948	5.5 %	449,649	422,155	27,494	6.5 %
Property management	44,526	42,638	1,888	4.4 %	44,528	42,638	1,890	4.4 %
Income from property operations, excluding deferrals [1]	398,316	377,256	21,060	5.6 %	405,121	379,517	25,604	6.7 %
Right-to-use contracts, deferred and sales and marketing, deferred, net	2,675	2,884	(209)	(7.2)%	2,675	2,884	(209)	(7.2)%
Income from property operations [1]	$395,641	$374,372	$21,269	5.7 %	$402,446	$376,633	$25,813	6.9 %

(1) Non-GAAP measure.

The increase in total portfolio Income from property operations was primarily due to increases in Core community base rental income, Core resort base rental income, the contribution from property operations related to the 2014 and 2015 acquisitions as well as increased utility and other income. The increase was partially offset by an overall increase in expenses, with the most significant relating to payroll, repair and maintenance, and property taxes.

The 3.5% increase in Core Portfolio community base rental income primarily reflected a 2.9% growth from rate increases and a 0.6% growth from occupancy gains. The average monthly base rent per site increased to approximately $569 in 2015 from approximately $553 in 2014. The average occupancy increased to 92.6% in 2015 from 92.2% in 2014.

Resort base rental income is comprised of the following (amounts in thousands):

	Core Portfolio				Total Portfolio			
	2015	2014	Variance	% Change	2015	2014	Variance	% Change
Annual	$106,358	$100,479	$5,879	5.9 %	$115,314	$104,006	$11,308	10.9 %
Seasonal	27,386	24,924	2,462	9.9 %	28,998	25,052	3,946	15.8 %

Transient	38,711	34,498	4,213	12.2	%	40,448	34,910	5,538	15.9	%
Resort base rental income	$172,455	$159,901	$12,554	7.9	%	$184,760	$163,968	$20,792	12.7	%

Right-to-use contracts current period, gross, net of sales and marketing, gross, decreased as a result of a lower number of upgrade sales by our third party sales agent. During the year ending December 31, 2015, there were 2,687 upgrade sales with an average price per sale of $4,745. This compares to 2,978 upgrade sales with an average price per sale of $4,665 for the year ended December 31, 2014.

Management's Discussion (continued)

The increase in Property operating and maintenance expenses was primarily driven by increased Property payroll and repairs and maintenance expenses. The increase in Property payroll was primarily driven by increased overtime and additional employees in the the current year as well as annual salary increases, while the increase in repair and maintenance was largely due to certain storm events in Texas, California, and North Carolina, higher cabin rental maintenance, and an overall increase in general maintenance supplies expenses.

Home Sales Operations

The following table summarizes certain financial and statistical data for our Home Sales Operations for the years ended December 31, 2015 and 2014 (amounts in thousands, except home sales volumes).

	2015	2014	Variance	% Change
Gross revenues from new home sales [1]	$17,674	$13,584	$4,090	30.1 %
Cost of new home sales [1]	(16,678)	(11,444)	(5,234)	(45.7)%
Gross profit from new home sales	996	2,140	(1,144)	(53.5)%
Gross revenues from used home sales	15,476	14,834	642	4.3 %
Cost of used home sales	(15,601)	(15,303)	(298)	(1.9)%
Gross (loss) profit from used home sales	(125)	(469)	344	(73.3)%
Brokered resale revenues and ancillary services revenues, net	4,149	3,850	299	7.8 %
Home selling expenses	(3,191)	(2,342)	(849)	(36.3)%
Income from home sales operations and other	$1,829	$3,179	$(1,350)	(42.5)%
Home sales volumes:				
Total new home sales[2]	479	336	143	42.6 %
New Home Sales Volume - ECHO JV	178	136	42	30.9 %
Used home sales	1,489	1,526	(37)	(2.4)%
Brokered home resales	884	936	(52)	(5.6)%

(1) New home sales gross revenues and costs of new home sales does not include the revenues and costs associated with our ECHO JV.

(2) Total new home sales volume includes 26 home sales through our ECHO JV for the years ended December 31, 2015 and 2014, respectively. .

The decrease in income from home sales operations and other was primarily due to lower gross profits from new home sales due to a decrease in sales in the California region where Properties are fully occupied. Increased home selling expenses also contributed to the overall decrease, offset by increased income from ancillary services, which include retail sales at various Properties.

Management's Discussion (continued)

Rental Operations

The following table summarizes certain financial and statistical data for our manufactured home Rental Operations for the years ended December 31, 2015 and 2014 (amounts in thousands, except rental unit volumes).

	2015	2014	Variance	% Change
New Home	$22,801	$22,711	$90	0.4 %
Used Home	27,826	31,399	(3,573)	(11.4)%
Rental operations revenue [1]	50,627	54,110	(3,483)	(6.4)%
Rental home operating and maintenance	(7,167)	(7,441)	274	3.7 %
Income from rental operations	43,460	46,669	(3,209)	(6.9)%
Depreciation on rental homes [2]	(10,675)	(10,906)	231	2.1 %
Income from rental operations, net of depreciation	$32,785	$35,763	$(2,978)	(8.3)%
Gross investment in new manufactured home rental units [3]	$111,814	$107,729	$4,085	3.8 %
Gross investment in used manufactured home rental units	$57,427	$63,258	$(5,831)	(9.2)%
Net investment in new manufactured home rental units	$89,682	$90,134	$(452)	(0.5)%
Net investment in used manufactured home rental units	$36,052	$48,020	$(11,968)	(24.9)%
Number of occupied rentals – new, end of period[4]	2,170	2,020	150	7.4 %
Number of occupied rentals—used, end of period	2,797	3,223	(426)	(13.2)%

(1) Rental operations revenue consists of Site rental income and home rental income. Approximately $36.6 million and $39.3 million as of December 31, 2015 and 2014, respectively, of Site rental income are included in Community base rental income in the Income from Property Operations table. The remainder of home rental income is included in Rental home income in the Income from Property Operations table.

(2) Included in depreciation on real estate and other costs in the Consolidated Statements of Income and Comprehensive Income.

(3) The new home cost basis does not include the costs associated with our ECHO JV. Our investment in the ECHO JV was $10.4 million and $6.3 million at December 31, 2015 and 2014, respectively.

(4) Includes 100 and 33 homes rented through our ECHO JV in 2015 and 2014, respectively.

The decrease in income from rental operations, net of depreciation was primarily due to a decrease in the number of occupied used rental units.

Other Income and Expenses

The following table summarizes other income and expenses for the years ended December 31, 2015 and 2014 (amounts in thousands).

	2015	2014	Variance	% Change
Depreciation on real estate and rental homes	$(113,609)	$(111,065)	$(2,544)	(2.3)%
Amortization of in-place leases	(2,358)	(3,999)	1,641	41.0 %
Interest income	7,030	8,347	(1,317)	(15.8)%
Income from other investments, net	7,359	7,053	306	4.3 %
General and administrative (excluding transaction costs)	(29,514)	(25,763)	(3,751)	(14.6)%
Transaction costs	(1,130)	(1,647)	517	31.4 %
Property rights initiatives and other	(2,986)	(2,923)	(63)	(2.2)%
Early debt retirement	(16,913)	(5,087)	(11,826)	(232.5)%
Interest and related amortization	(105,731)	(112,295)	6,564	5.8 %
Total other income and expenses, net	$(257,852)	$(247,379)	$(10,473)	(4.2)%

Depreciation on real estate and rental homes increased primarily due to increased capital expenditures and the acquisitions that occurred during the second half of 2014 and the first half of 2015 (see Note 5 to the Consolidated Financial Statements for additional detail regarding our acquisition activity).

General and administrative expenses increased primarily due to the 2015 restricted stock awards, increased legal fees as well as an increase in insurance expense (see Note 14 to the Consolidated Financial Statements for additional detail regarding our stock-based compensation plan).

Management's Discussion (continued)

Early debt retirement expenses increased as a result of the defeasance and prepayment activity that occurred during the first quarter of 2015, this compares to the $5.1 million fee associated with the early debt retirement of the loan secured by our Colony Cove community incurred in 2014 (see Note 8 to the Consolidated Financial Statements for additional detail regarding our first quarter defeasance and refinancing activity).
A decrease in secured debt, resulting from the aforementioned refinancing and prepayment activity, and lower weighted average interest rates contributed to the decrease in interest and related amortization.

Liquidity and Capital Resources

Liquidity

Our primary demands for liquidity include payment of operating expenses, debt service, including principal and interest, capital improvements on properties, purchasing both new and pre-owned homes, acquisitions of new Properties, and distributions. We expect similar demands 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 Line of Credit ("LOC") and proceeds from issuance of equity and debt securities.
On May 4, 2015, we extended our at the market ("ATM") equity offering program by entering into new separate equity distribution agreements 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 $125.0 million. For the year ended December 31, 2016, we sold 683,548 shares of our common stock under the ATM equity offering program for gross cash proceeds of approximately $50.0 million before expenses of approximately $0.7 million. As of December 31, 2016, $75.0 million of common stock remained available for issuance under the ATM equity offering program. In addition, we have available liquidity in the form of authorized and unissued preferred stock of approximately 9.9 million shares and approximately 114.5 million shares of authorized but unissued common stock registered for sale under the Securities Act of 1933, as amended, by a shelf registration statement which was automatically effective when filed with the SEC. Our charter allows us to issue up to 200.0 million shares of common stock, par value $0.01 per share and up to 10.0 million shares of preferred stock, par value $0.01 per share.
One of our stated objectives is to maintain financial flexibility. Achieving this objective allows us to take advantage of strategic opportunities that may arise. We believe effective management of our balance sheet, including maintaining various access points to raise capital, manage future debt maturities and borrow at competitive rates enables us to meet this objective. We believe we currently have sufficient liquidity, in the form of $51.1 million in available cash, net of restricted cash, as of December 31, 2016 and $400.0 million available on our LOC, to satisfy our near term obligations. Our LOC has a borrowing capacity of $400.0 million with the option to increase the borrowing capacity by $100.0 million, subject to certain conditions (see Note 8 to the Consolidated Financial Statements).
We expect to meet our short-term liquidity requirements, including distributions for the next twelve months, generally through available cash as well as net cash provided by operating activities and availability under our existing LOC. We consider these resources to be adequate to meet our operating requirements for capital improvements, amortizing debt and payment of dividends and distributions.
We expect to meet certain long-term liquidity requirements, such as scheduled debt maturities, property acquisitions and capital improvements by use of our current cash balance, long-term collateralized and uncollateralized borrowings including borrowings under the existing LOC and the issuance of debt securities or additional equity securities, in addition to net cash provided by operating activities. We expect to satisfy our 2017 maturities with existing cash, anticipated operating cash flow and/or refinancing proceeds.
During the year ended December 31, 2016, we closed on loans with gross proceeds of $88.1 million. The loans have a weighted average maturity of 23 years and carry a weighted average interest rate of 4.01% per annum and were secured by four manufactured home properties and two RV resorts. We also paid off five maturing mortgage loans of approximately $41.8 million, with a weighted average interest rate of 5.85% per annum, secured by three manufactured home properties and two RV resorts.
In connection with the acquisition completed in June 2016, we assumed approximately $22.6 million of mortgage debt secured by the Forest Lake Estates manufactured home community with a stated interest rate of 4.51% per annum, which is set to mature in 2038.

44

The table below summarizes cash flow activity for the years ended December 31, 2016, 2015, and 2014 (amounts in thousands).

	For the years ended December 31,		
	2016	2015	2014
Net cash provided by operating activities	$353,348	$352,882	$285,745
Net cash used in investing activities	(218,822)	(120,707)	(127,885)
Net cash used in financing activities	(158,444)	(225,631)	(142,573)
Net (decrease) increase in cash and cash equivalents	$(23,918)	$6,544	$15,287

Operating Activities

Net cash provided by operating activities increased $0.4 million to $353.3 million for the year ended December 31, 2016 from $352.9 million for the year ended December 31, 2015. The overall increase in net cash provided by operating activities is primarily due to an increase in Income from property operations of $27.6 million and an increase of $4.7 million in Accrued expenses and accounts payable, offset by a decrease in Escrow deposits, goodwill and other assets of $20.4 million and a decrease of $4.4 million in Rents received in advance and security deposits.

Net cash provided by operating activities increased $67.2 million to $352.9 million for the year ended December 31, 2015 from $285.7 million for the year ended December 31, 2014. The overall increase in net cash provided by operating activities is primarily due to an increase in Income from property operations of $25.8 million, an increase in Escrow deposits, goodwill and other assets of $21.9 million, and an increase of $10.9 million in Accrued expenses and accounts payable.

Investing Activities

Net cash used in investing activities was $218.8 million for the year ended December 31, 2016 compared to $120.7 million for the year ended December 31, 2015. Significant components of net cash used in investing activities include:

- We paid approximately $98.4 million (net of mortgage debt assumed of $22.6 million) in 2016 to acquire Rose Bay RV Resort, Portland Fairview, Forest Lakes Estates and Riverside RV, which resulted in an additional 1,483 RV Sites and 894 manufactured home Sites, as well as vacant land in Florida for $2.0 million. We paid approximately $23.7 million in 2015 to acquire the Bogue Pines manufactured home property, Whispering Pines RV Resort, and Miami Everglades RV Resort, which resulted in an additional 731 Sites (see Note 5 to the Consolidated Financial Statements for a description of our recent acquisitions).
- We contributed approximately $5.0 million to the ECHO JV in 2016 compared to the $4.0 million we contributed in 2015. Additionally, during the years ended 2016 and 2015, we received $5.9 million and $3.7 million, respectively, in distributions from various joint ventures. Approximately $1.4 million, of the distributions made to us for the year ended December 31, 2015, using proceeds generated by refinancing transactions, exceeded our basis in our joint venture and, as such, were recorded as income (see Note 6 to the Consolidated Financial Statements for a description of our joint ventures).
- We received approximately $10.2 million of repayments on notes receivable in 2016 compared to $10.5 million in 2015 partially offset by new notes receivable of $10.3 million in 2016 compared to $9.8 million in 2015.
- We paid approximately $119.4 million and $93.8 million for capital improvements for the years ended December 31, 2016 and 2015, respectively (see Capital Improvements table below).

Management's Discussion (continued)

Capital improvements

The table below summarizes capital improvements activity for the years ended December 31, 2016, 2015, and 2014 (amounts in thousands).

	For the years ended December 31,[1]		
	2016	2015	2014
Recurring Capital Expenditures [2]	$37,709	$36,780	$24,877
Property upgrades and site development	19,244	13,677	9,219
New home investments [3] [4]	56,651	35,420	17,629
Used home investments [4]	4,961	7,010	10,119
Total Property	118,565	92,887	61,844
Corporate	872	912	1,877
Total Capital improvements	$119,437	$93,799	$63,721

(1) Excludes non-cash activity of approximately $0.7 million, $0.9 million and $1.4 million of used homes acquired by repossessions of Chattel Loans collateral for the years ended December 31, 2016, 2015 and 2014, respectively.

(2) Recurring capital expenditures are primarily comprised of common area improvements, furniture, and mechanical improvements.

(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 $158.4 million for the year ended December 31, 2016 compared to net cash used in financing activities of $225.6 million for the year ended December 31, 2015. Significant components of net cash used in financing activities include:

- We received $88.1 million in financing proceeds in 2016 compared to $395.3 million in financing proceeds in 2015 (see Note 8 to the Consolidated Financial Statements for a description of our borrowing arrangements).
- We paid approximately $39.6 million of amortizing principal debt, approximately $103.1 million of maturing mortgages and loan refinancing activity and paid approximately $1.4 million in debt issuance costs in 2016. This compares to approximately $37.4 million of amortizing principal debt, approximately $48.7 million of maturing mortgages, defeased approximately $370.2 million of debt and paid approximately $24.1 million in debt issuance and defeasance costs as well as early debt retirement costs in 2015 (see Note 8 to the Consolidated Financial Statements for a description of our borrowing arrangements).
- We sold 683,548 shares of our common stock under the ATM equity offering program for gross cash proceeds of approximately $50.0 million before expenses during the year ended December 31, 2016 (see Note 4 to the Consolidated Financial Statements for a description of our equity transactions).
- We made distributions of approximately $161.2 million in 2016 to common stockholders, common OP Unitholders and preferred stockholders and paid approximately $1.1 million for offering costs and other expenses, offset by proceeds received of approximately $12.6 million from the exercise of stock options and the sale of shares through the employee stock purchase plan (see Note 4 to the Consolidated Financial Statements for a description of our equity transactions).
- We made distributions of approximately $141.8 million in 2015 to common stockholders, common OP Unitholders and preferred stockholders and paid approximately $0.5 million for offering costs and other expenses, offset by proceeds received of approximately $4.9 million from the exercise of stock options and the sale of shares through our employee stock purchase plan (see Note 4 to the Consolidated Financial Statements for a description of our equity transactions).

Management's Discussion (continued)

Contractual Obligations
As of December 31, 2016, we were subject to certain contractual payment obligations as described in the table below (amounts in thousands):

	Total (5)	2017	2018	2019	2020	2021	Thereafter
Long Term Borrowings (1)	$2,104,755	$77,668	$233,336	$234,820	$351,984	$211,540	$995,407
Interest Expense (2)	649,593	96,945	87,573	72,751	57,382	49,489	285,453
Operating Lease	10,525	2,171	2,221	2,062	2,011	1,711	349
LOC Maintenance Fee (3)	1,251	811	440	—	—	—	—
Ground Lease (4)	17,019	1,985	1,980	1,983	1,984	1,987	7,100
Total Contractual Obligations	$2,783,143	$179,580	$325,550	$311,616	$413,361	$264,727	$1,288,309
Weighted average interest rates - Long Term Borrowings	4.41 %	4.69 %	4.60 %	4.40 %	4.49 %	4.39 %	4.25 %

(1) Balance excludes note premiums of $5.5 million and unamortized deferred financing costs of $18.9 million. Balances include debt maturing and scheduled periodic payments.
(2) Amounts include interest expected to be incurred on our secured debt based on obligations outstanding as of December 31, 2016.
(3) As of December 31, 2016, assumes we will not exercise our one year extension option on July 17, 2018 and assumes we will maintain our current leverage ratios as defined by the LOC.
(4) We also lease land under non-cancelable operating leases at certain of the Properties expiring in various years from 2017 to 2054. The majority of the lease terms require twelve equal payments per year plus additional rents calculated as a percentage of gross revenues.
(5) We do not include insurance, property taxes and cancelable contracts in the contractual obligations table.

We believe that we will be able to refinance our maturing debt obligations on a secured or unsecured basis; however, to the extent we are unable to refinance our debt as it matures, we believe that we will be able to repay such maturing debt through available cash as well as operating cash flow, asset sales and/or the proceeds from equity issuances. With respect to any refinancing of maturing debt, our future cash flow requirements could be impacted by significant changes in interest rates or other debt terms, including required amortization payments. As of December 31, 2016, approximately 32.0% of our outstanding secured debt is fully amortizing.

Critical Accounting Policies and Estimates
Our consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. We believe that the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements (see Note 2 of the notes to the Consolidated Financial Statements for a summary of our significant accounting policies).

Impairment of Long-Lived Assets and unconsolidated joint ventures
We review our Properties for impairment whenever events or changes in circumstances indicate that the carrying value of the Property may not be recoverable. Real estate investments are subject to varying degrees of risk. Several factors may adversely affect the economic performance and value of our real estate investments. These factors include:
•general economic climate;
•competition from other housing options;
•local conditions, such as an increase in unemployment;
•changes in governmental regulations and the related cost of compliance;
•changes in market rental rates; and
•physical damage or environmental indicators.

Any adverse changes in these factors could cause an impairment in our assets, including real estate and investments in unconsolidated joint venture partnerships.

Revenue Recognition and Allowance for Doubtful Accounts

In conjunction with the acquisition of the Thousand Trails business, we account for the entry of right-to-use contracts in accordance with the Codification Topic "Revenue Recognition" ("FASB ASC 605") based on correspondence with the Office of the Chief Accountant at the SEC. A right-to-use contract gives the customer the right to a set schedule of usage at a specified group of Properties. Customers may choose to upgrade their contracts to increase their usage and the number of Properties they may access. A contract requires the customer to make annual payments during the term of the contract and may require an upfront nonrefundable payment. The stated term of a right-to-use contract is at least one year and the customer may renew his contract by continuing to make the annual payments. We will recognize the upfront nonrefundable payments over the estimated customer life. For 2016, the customer life was estimated to be 40 years and was based upon our experience operating the membership platform since 2008. For example, we have currently estimated that 6.7% of customers who enter a new right-to-use contract will terminate their contract after the fifth year. Therefore, the upfront nonrefundable payments from 6.7% of the upgrade contracts entered in any particular period are amortized on a straight-line basis over a period of five years as five years is the estimated customer life for 6.7% of our customers who enter a contract. The historical attrition rates for upgrade contracts are lower than for new contracts, and therefore, the nonrefundable upfront payments for upgrade contracts are amortized at a different rate than for new contracts. We continue to monitor customer lives based on historical attrition rates and changes in revenue recognized may occur in the future due to changes in customer behavior.

We evaluate all amounts receivable from customers and an allowance is established based on our assessment of collectibility for amounts greater than 30 days past due. Our allowance for uncollectible rents receivable was approximately $4.4 million and $4.5 million as of December 31, 2016 and 2015, respectively. We will continue to monitor and assess these receivables and changes in required allowances may occur in the future due to changes in the market environment.

Business Combinations

Our method for allocating the purchase price to acquired investments in real estate requires us to make subjective assessments for determining fair value of the assets acquired and liabilities assumed. This includes determining the value of the buildings, land and improvements, construction in progress, ground leases, in-place leases, above and/or below market leases, purchase option intangible assets and/or liabilities, and any debt assumed. We determine and allocate the purchase price of an acquired company to the tangible and intangible assets acquired and liabilities assumed as of the business combination date. The purchase price allocation process requires us to use significant estimates and assumptions, including fair value estimates, as of the business combination date. We utilize third-party valuation companies to help us determine certain fair value estimates used for assets and liabilities.

While we use our best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business combination date, our estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the purchase price allocation period, which is generally one year from the business combination date, we may record adjustments to the assets acquired and liabilities assumed.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements with any unconsolidated investments or joint ventures that we believe have or are reasonably likely to have a material effect on our financial condition, results of operations, liquidity or capital resources.

Inflation

Substantially all of the leases at the Properties allow for monthly or annual rent increases which provide us with the opportunity to achieve increases, where justified by the market. Such types of leases generally minimize our risks of inflation. In addition, our resort Properties are not generally subject to leases and rents are established for these Sites on an annual basis. Our right-to-use contracts generally provide for an annual dues increase, but dues may be frozen under the terms of certain contracts if the customer is over 61 years old. Currently, 28.0% of our dues are frozen.

Funds From Operations

Funds from Operations ("FFO") is a non-GAAP financial measure. We define FFO as net income, computed in accordance with GAAP, excluding gains and actual or estimated losses from sales of properties, plus real estate related depreciation and amortization, impairments, if any, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We compute FFO in accordance with our interpretation of standards established by the National Association of Real Estate Investment Trusts (“NAREIT”), which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current

NAREIT definition differently than we do. We receive up-front non-refundable payments from the entry of right-to-use contracts. In accordance with GAAP, the upfront non-refundable payments and related commissions are deferred and amortized over the estimated customer life. Although the NAREIT definition of FFO does not address the treatment of non-refundable right-to-use payments, we believe that it is appropriate to adjust for the impact of the deferral activity in our calculation of FFO.

Management's Discussion (continued)

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") is a non-GAAP measure. We define Normalized FFO as FFO excluding the following non-operating income and expense items: a) the financial impact of contingent consideration; b) gains and losses from early debt extinguishment, including prepayment penalties and defeasance costs; c) property acquisition and other transaction costs related to mergers and acquisitions; and d) other miscellaneous non-comparable items. Normalized FFO presented herein is not necessarily comparable to Normalized FFO presented by other real estate companies due to the fact that not all real estate companies use the same methodology for computing this amount.

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

Our definitions and calculations of these non-GAAP financial and operating measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. These non-GAAP financial and operating measures do not represent cash generated from operating activities in accordance with GAAP, nor do they represent cash available to pay distributions and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of our financial performance, or to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

The following table presents a calculation of FFO and Normalized FFO available for Common Stockholders for the years ended December 31, 2016, 2015 and 2014 (amounts in thousands):

	2016	2015	2014
Computation of funds from operations:			
Net income available for Common Stockholders	$164,037	$130,145	$118,731
Income allocated to common OP Units	13,869	11,141	10,463
Right-to-use contract upfront payments, deferred, net	3,079	4,231	5,501
Right-to-use contract commissions, deferred, net	(223)	(1,556)	(2,617)
Depreciation on real estate assets	106,736	102,934	100,159
Depreciation on rental homes	10,664	10,675	10,906
Amortization of in-place leases	3,373	2,358	3,999
Depreciation on unconsolidated joint ventures	1,292	1,081	903
Gain on sale of property	—	—	(1,457)
FFO available for Common Stockholders	$302,827	$261,009	$246,588
Change in fair value of contingent consideration asset	—	—	(65)
Transaction costs	1,217	1,130	1,647
Early debt retirement	—	16,913	5,087
Litigation Settlement, net	2,415	—	—

Normalized FFO available for Common Stockholders	$306,459	$279,052	$253,257
Weighted average common shares outstanding—fully diluted	92,569	91,907	91,511

49

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our earnings, cash flows and fair values relevant to financial instruments are dependent on prevailing market interest rates. The primary market risk we face related to our long-term indebtedness is the ability to refinance maturing mortgages. The fair value of our long-term debt obligations is affected by changes in market interest rates with scheduled maturities from 2017 to 2041. At December 31, 2016, approximately 100.0% or approximately $1.9 billion of our outstanding secured debt had fixed interest rates with scheduled maturities from 2017 to 2041, which minimizes the market risk until the debt matures. In addition, approximately 32.0% of our outstanding secured debt is fully amortizing further reducing the market risk. For each increase in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately $196.9 million. For each decrease in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would increase by approximately $219.7 million. If interest rates were to increase or decrease by 1.0%, there would be no effect on interest expense or cash flows as our outstanding secured debt has fixed interest rates.

As of December 31, 2016, $34.3 million, including note premiums of approximately $0.1 million, of our outstanding secured debt was short-term. Our $200.0 million unsecured Term Loan has variable rates based on LIBOR plus 1.35% to 1.95% per annum. However, the 2014 Swap fixes the underlying LIBOR rate at 1.04% per annum for the first three years (see Note 8 to the Consolidated Financial Statements for definitions of Term Loan and 2014 Swap).

FORWARD-LOOKING STATEMENTS

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. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to:

- our ability to control costs, real estate market conditions, the actual rate of decline in customers, the actual use of Sites by customers and our success in acquiring new customers at our Properties (including those that we may acquire);
- our ability to maintain historical or increase future rental rates and occupancy with respect to Properties currently owned or that we may acquire;
- our ability to retain and attract customers renewing, upgrading and entering right-to-use contracts;
- our assumptions about rental and home sales markets;
- our ability to manage counter-party risk;
- in the age-qualified Properties, home sales results could be impacted by the ability of potential home buyers to sell their existing residences as well as by financial, credit and capital markets volatility;
- results from home sales and occupancy will continue to be impacted by local economic conditions, lack of affordable manufactured home financing and competition from alternative housing options including site-built single-family housing;
- impact of government intervention to stabilize site-built single family housing and not manufactured housing;
- effective integration of recent acquisitions and our estimates regarding the future performance of recent acquisitions;
- the completion of future transactions in their entirety, if any, and timing and effective integration with respect thereto;
- unanticipated costs or unforeseen liabilities associated with recent acquisitions;
- ability to obtain financing or refinance existing debt on favorable terms or at all;
- the effect of interest rates;
- the dilutive effects of issuing additional securities;
- the effect of accounting for the entry of contracts with customers representing a right-to-use the Properties under the Codification Topic "Revenue Recognition";
- the outcome of pending or future lawsuits or actions brought against us, including those disclosed in our filings with the Securities and Exchange Commission; and
- other risks indicated from time to time in our filings with the Securities and Exchange Commission.

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

Item 8. Financial Statements and Supplementary Data
See Index to Consolidated Financial Statements on page F-1 of this Form 10-K.
Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure
None.
Item 9A. 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 and accounting officer), maintain a system of disclosure controls and procedures, designed to provide reasonable assurance that information we are required to disclose in the reports that we file under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that we will detect or uncover failures to disclose material information otherwise required to be set forth in our periodic reports.
Our management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2016. Based on that evaluation as of the end of the period covered by this annual report, 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 our disclosure of information that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder as of December 31, 2016.
Changes in Internal Control Over Financial Reporting
There were no material changes in our internal control over financial reporting during the year ended December 31, 2016.
Report of Management on Internal Control Over Financial Reporting
Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
Based on management's assessment, we maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework" (2013 framework).
The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by our independent registered public accounting firm, as stated in their report on Page F-2 of the Consolidated Financial Statements.

Item 9B. Other Information

None

PART III

Items 10 and 11 Directors, Executive Officers and Corporate Governance, and Executive Compensation

The information required by Items 10 and 11 will be contained in the Proxy Statement on Schedule 14A for the 2017 Annual Meeting and is therefore incorporated by reference, and thus Items 10 and 11 have been omitted in accordance with General Instruction G.(3) to Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information regarding securities authorized for issuance under equity compensation plans required by Item 12 are as follows:

Plan Category	Number of securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	425,600	20.50	—
Equity compensation plans approved by security holders (2)	7,550	74.53	3,264,054
Equity compensation plans not approved by security holders (3)	N/A	N/A	463,303
Total	433,150	21.44	3,727,357

(1) Represents shares of common stock under our Stock Option and Award Plan adopted in December 1992, prior to its expiration.

(2) Represents shares of common stock under our Equity Incentive Plan effective May 13, 2014 (the "2014 Plan").

(3) Represents shares of common stock under our Employee Stock Purchase Plan effective July 1997, as amended and restated in May 2016. Under the Employee Stock Purchase Plan, eligible employees may make contributions which are used to purchase shares of common stock at a purchase price equal to 85% of the lesser of the closing price of a share of common stock on the first or last trading day of the purchase period. Purchases of common stock under the Employee Stock Purchase Plan are made on the first business day of the next month after the close of the purchase period. Under New York Stock Exchange rules then in effect, stockholder approval was not required for the Employee Stock Purchase Plan because it is a broad-based plan available generally to all employees.

The information required by Item 403 of Regulation S-K "Security Ownership of Certain Beneficial Owners and Management" required by Item 12 will be contained in the Proxy Statement on Schedule 14A for the 2015 Annual Meeting and is therefore incorporated by reference, and thus has been omitted in accordance with General Instruction G.(3) to Form 10-K.

Items 13 and 14 Certain Relationships and Related Transactions, and Director Independence, and Principal Accounting Fees and Services

The information required by Item 13 and Item 14 will be contained in the Proxy Statement on Schedule 14A for the 2017 Annual Meeting and is therefore incorporated by reference, and thus Item 13 and 14 has been omitted in accordance with General Instruction G.(3) to Form 10-K.

PART IV

Item 15. Exhibits and Financial Statements Schedules

1. Financial Statements
See Index to Financial Statements and Schedule on page F-1 of this Form 10-K.

2. Financial Statement Schedule
See Index to Financial Statements and Schedule on page F-1 of this Form 10-K.

3. Exhibits:

In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about us may be found elsewhere in this Annual Report on Form 10-K and our other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

3.1[e]	Amended and Restated Articles of Incorporation of Equity Lifestyle Properties, Inc. effective May 15, 2007
3.2[f]	Second Amended and Restated Bylaws effective August 8, 2007
3.3[j]	Articles Supplementary designating our 6.75% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $2,500.00 per share, par value $0.01 per share
3.4[k]	Articles of Amendment of Equity Lifestyle Properties, Inc, effective November 26, 2013
4.1[h]	Form of Specimen Stock Certificate Evidencing the Common Stock of Equity LifeStyle Properties, Inc., par value $0.01 per share
4.2[i]	Form of Depositary Agreement, among us, American Stock Transfer & Trust Company, LLC, as Depositary, and the holders from time to time of the Depositary Shares
4.3[j]	Specimen Stock Certificate Evidencing our 6.75% Series C Cumulative Redeemable Perpetual Preferred Stock, liquidation preference $2,500.00 per share, par value $0.01 per share

4.4[j]	Specimen Receipt Evidencing the Depositary Shares
10.1[a]	Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated March 15, 1996
10.2[c]	Amendment to Second Amended and Restated Agreement of Limited Partnership for MHC Operating Limited Partnership, dated February 27, 2004
10.3[l]	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership for MHC Operating Limited Partnership effective as of December 31, 2013
10.4[b]	Equity LifeStyle Properties, Inc. 1997 Non-Qualified Employee Stock Purchase Plan
10.5[m]	Equity LifeStyle Properties, Inc. 2014 Equity Incentive Plan effective May 13, 2014 (the "Plan")

10.6[(d)]	Amended and Restated Equity Lifestyle Properites, Inc. 1997 Non-Qualified Employee Stock Purchase Plan, effective May 10, 2016
10.7[(d)]	Form of Indemnification Agreement
10.8[(g)]	Form of Trust Agreement Establishing Howard Walker Deferred Compensation Trust, dated December 8, 2000
10.9[(o)]	Amended, Restated and Consolidated Credit Agreement, dated July 17, 2014, by and among Equity Lifestyle Properties, Inc. MHC Operating Limited Partnership, Wells Fargo Bank, N.A. and each of the Lenders set forth therein dated July 17, 2014
10.10[(o)]	Amended, Restated and Consolidated Guaranty dated July 17, 2014 by Equity Lifestyle Properties, Inc. in favor of Wells Fargo Bank, N.A dated July 17, 2014
10.11[(q)]	Equity Distribution Agreement, dated May 4, 2015, by and among Equity LifeStyle Properties, Inc., MHC Operating Limited Partnership and RBC Capital Markets, LLC
10.12[(q)]	Equity Distribution Agreement, dated May 4, 2015, by and among Equity LifeStyle Properties, Inc., MHC Operating Limited Partnership and Merrill Lynch, Pierce, Fenner & Smith Incorporated
10.13[(q)]	Equity Distribution Agreement, dated May 4, 2015, by and among Equity LifeStyle Properties, Inc., MHC Operating Limited Partnership and SunTrust Robinson Humphrey, Inc
10.14[(q)]	Equity Distribution Agreement, dated May 4, 2015, by and among Equity LifeStyle Properties, Inc., MHC Operating Limited Partnership and Wells Fargo Securities, LLC
10.15[(n)]	Form of Restricted Share Award Agreement for the Plan
10.16[(n)]	Form of Option Award Agreement for the Plan
12[(s)]	Computation of Ratio of Earnings to Fixed Charges
14[(p)]	Equity LifeStyle Properties, Inc. Business Ethics and Conduct Policy, dated November 5, 2014
21[(s)]	Subsidiaries of the registrant
23[(s)]	Consent of Independent Registered Public Accounting Firm
24.1[(s)]	Power of Attorney for Philip C. Calian dated February 21, 2017
24.2[(s)]	Power of Attorney for David J. Contis dated February 21, 2017

24.3(s)	Power of Attorney for Thomas E. Dobrowski dated February 21, 2017
24.4(s)	Power of Attorney for Thomas P. Heneghan dated February 21, 2017
24.5(s)	Power of Attorney for Tao Huang dated February 21, 2017
24.6(s)	Power of Attorney for Sheli Z. Rosenberg dated February 21, 2017
24.7(s)	Power of Attorney for Howard Walker dated February 21, 2017
24.8(s)	Power of Attorney for Matthew Williams dated February 21, 2017
24.9(s)	Power of Attorney for William Young dated February 21, 2017
24.10(s)	Power of Attorney for Samuel Zell dated February 21, 2017
31.1(s)	Certification of Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act Of 2002
31.2(s)	Certification of Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act Of 2002
32.1(s)	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
32.2(s)	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
101(s)	The following materials from Equity LifeStyle Properties, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income and Comprehensive Income, (iii) the Consolidated Statements of Changes in Equity, (iv) the Consolidated Statements of Cash Flow, and (iv) the Notes to Consolidated Financial Statements.

56

The following documents are incorporated herein by reference.

(a) Included as an exhibit to our Report on Form 10-Q for the quarter ended June 30, 1996
(b) Included as Exhibit A to our definitive Proxy Statement dated March 28, 1997, relating to Annual Meeting of Stockholders held on May 13, 1997
(c) Included as an exhibit to our Report on Form 10-K dated December 31, 2005
(d) Included as an exhibit to our Report on Form 10-Q dated June 30, 2016
(e) Included as an exhibit to our Report on Form 8-K dated May 18, 2007
(f) Included as an exhibit to our Report on Form 8-K dated August 8, 2007
(g) Included as an exhibit to our Report on Form 8-K dated December 8, 2000, filed on September 25, 2008
(h) Included as an exhibit to our Report on Form S-3 ASR dated May 6, 2009
(i) Included as an exhibit to our Schedule TO/13E-3 dated August 23, 2012
(j) Included as an exhibit to our Form 8-A dated September 14, 2012
(k) Included as an exhibit to our Report on Form 8-K dated November 25, 2013
(l) Included as an exhibit to our Report on Form 8-K dated January 2, 2014
(m) Included as Appendix B to our Definitive Proxy Statement dated March 24, 2014
(n) Included as an exhibit to our Report on Form 8-K dated May 13, 2014
(o) Included as an exhibit to our Report on Form 8-K dated July 17, 2014
(p) Included as an exhibit to our Report on Form 10-K dated December 31, 2014
(q) Included as an exhibit to our Report on Form 8-K dated May 4, 2015
(r) Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EQUITY LIFESTYLE PROPERTIES, INC.,
a Maryland corporation

Date: February 21, 2017 By: /s/ MARGUERITE NADER
Marguerite Nader
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 21, 2017 By: /s/ PAUL SEAVEY
Paul Seavey
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Equity LifeStyle Properties, Inc.—Signatures
Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ MARGUERITE NADER Marguerite Nader	President and Chief Executive Officer (Principal Executive Officer) *Attorney in Fact	February 21, 2017
/s/ PAUL SEAVEY Paul Seavey	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) *Attorney in Fact	February 21, 2017
*SAMUEL ZELL Samuel Zell	Chairman of the Board	February 21, 2017
*HOWARD WALKER Howard Walker	Co-Vice-Chairman of the Board	February 21, 2017
*THOMAS P. HENEGHAN Thomas P. Heneghan	Co-Vice-Chairman of the Board	February 21, 2017
*PHILIP C. CALIAN Philip C. Calian	Director	February 21, 2017
*DAVID J. CONTIS David J. Contis	Director	February 21, 2017
*THOMAS E. DOBROWSKI Thomas E. Dobrowski	Director	February 21, 2017
* TAO HUANG Tao Huang	Director	February 21, 2017
* SHELI Z. ROSENBERG Sheli Z. Rosenberg	Director	February 21, 2017
*MATTHEW WILLIAMS Matthew Williams	Director	February 21, 2017

*WILLIAM YOUNG	Director	February 21, 2017
William Young		

59

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
EQUITY LIFESTYLE PROPERTIES, INC.

Note that certain schedules have been omitted, as they are not applicable to us.

Report of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders of Equity Lifestyle Properties, Inc.
We have audited Equity Lifestyle Properties, Inc.'s (Equity Lifestyle Properties or the Company) internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Equity Lifestyle Properties' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Equity Lifestyle Properties, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2016, and the financial statement schedule listed in the Index to the financial statements of Equity Lifestyle Properties, Inc., and our report dated February 21, 2017, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP
Chicago, Illinois
February 21, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Equity Lifestyle Properties, Inc.

We have audited the accompanying consolidated balance sheets of Equity Lifestyle Properties, Inc. (Equity Lifestyle Properties or the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index to the financial statements. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Equity Lifestyle Properties, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Equity Lifestyle Properties' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 21, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP
Chicago, Illinois
February 21, 2017

Equity LifeStyle Properties, Inc.
Consolidated Balance Sheets
As of December 31, 2016 and 2015
(amounts in thousands, except share and per share data)

	December 31, 2016	December 31, 2015
Assets		
Investment in real estate:		
Land	$ 1,163,987	$ 1,101,676
Land improvements	2,893,759	2,787,882
Buildings and other depreciable property	627,590	588,041
	4,685,336	4,477,599
Accumulated depreciation	(1,399,531)	(1,282,423)
Net investment in real estate	3,285,805	3,195,176
Cash	56,340	80,258
Notes receivable, net	34,520	35,463
Investment in unconsolidated joint ventures	19,369	17,741
Deferred commission expense	31,375	30,865
Escrow deposits, goodwill and other assets, net	51,578	40,897
Total Assets	$ 3,478,987	$ 3,400,400
Liabilities and Equity		
Liabilities:		
Mortgage notes payable	$ 1,891,900	$ 1,926,880
Term loan	199,379	199,172
Accrued expenses and accounts payable	89,864	76,044
Deferred revenue—upfront payments from right-to-use contracts	81,484	78,405
Deferred revenue—right-to-use annual payments	9,817	9,878
Accrued interest payable	8,379	8,715
Rents and other customer payments received in advance and security deposits	76,906	74,300
Distributions payable	39,411	34,315
Total Liabilities	2,397,140	2,407,709
Equity:		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 9,945,539 shares authorized as of December 31, 2016 and December 31, 2015; none issued and outstanding	—	—
6.75% Series C Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value, 54,461 shares authorized and 54,458 issued and outstanding as of December 31, 2016 and December 31, 2015 at liquidation value	136,144	136,144
Common stock, $0.01 par value, 200,000,000 shares authorized as of December 31, 2016 and December 31, 2015; 85,529,386 and 84,253,065 shares issued and outstanding as of December 31, 2016 and December 31, 2015, respectively	854	843
Paid-in capital	1,103,048	1,039,140
Distributions in excess of accumulated earnings	(231,276)	(250,506)
Accumulated other comprehensive loss	(227)	(553)
Total Stockholders' Equity	1,008,543	925,068
Non-controlling interests – Common OP Units	73,304	67,623
Total Equity	1,081,847	992,691
Total Liabilities and Equity	$ 3,478,987	$ 3,400,400

The accompanying notes are an integral part of these Consolidated Financial Statements.

Equity LifeStyle Properties, Inc.
Consolidated Statements of Income and Comprehensive Income
For the Years Ended December 31, 2016, 2015 and 2014
(amounts in thousands, except per share data)

	2016	2015	2014
Revenues:			
Community base rental income	$464,745	$442,046	$426,886
Rental home income	14,107	14,012	14,827
Resort base rental income	201,533	184,760	163,968
Right-to-use annual payments	45,035	44,443	44,860
Right-to-use contracts current period, gross	12,327	12,783	13,892
Right-to-use contract upfront payments, deferred, net	(3,079)	(4,231)	(5,501)
Utility and other income	81,427	76,153	70,209
Gross revenues from home sales	37,191	33,150	28,418
Brokered resale revenues and ancillary services revenues, net	2,994	4,149	3,850
Interest income	6,845	7,030	8,347
Income from other investments, net	7,310	7,359	7,053
Total revenues	870,435	821,654	776,809
Expenses:			
Property operating and maintenance	268,249	254,668	243,914
Rental home operating and maintenance	6,883	7,167	7,441
Real estate taxes	53,036	50,962	48,714
Sales and marketing, gross	11,056	11,751	12,418
Right-to-use contract commissions, deferred, net	(223)	(1,556)	(2,617)
Property management	47,083	44,528	42,638
Depreciation on real estate assets and rental homes	117,400	113,609	111,065
Amortization of in-place leases	3,373	2,358	3,999
Cost of home sales	37,456	32,279	26,747
Home selling expenses	3,575	3,191	2,342
General and administrative	31,004	30,644	27,410
Property rights initiatives and other, net	4,986	2,986	2,923
Early debt retirement	—	16,913	5,087
Interest and related amortization	102,030	105,731	112,295
Total expenses	685,908	675,231	644,376
Income from continuing operations before equity in income of unconsolidated joint ventures and gain on sale of property	184,527	146,423	132,433
Equity in income of unconsolidated joint ventures	2,605	4,089	4,578
Gain on sale of property	—	—	1,457
Consolidated net income	187,132	150,512	