

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2023.

or

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



SUN COMMUNITIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland
(State of Incorporation)

1-12616
Commission file number

38-2730780
(I.R.S. Employer Identification No.)

27777 Franklin Rd, Suite 300, Southfield, Michigan
(Address of Principal Executive Offices)

48034
(Zip Code)

(248) 208-2500
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	SUI	New York Stock Exchange

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

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Number of shares of Common Stock, \$0.01 par value per share, outstanding as of July 20, 2023: 124,418,869

INDEX

PART I – FINANCIAL INFORMATION

Item 1.	Consolidated Financial Statements	
	Consolidated Balance Sheets as of June 30, 2023 (Unaudited) and December 31, 2022	1
	Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2023 and 2022 (Unaudited)	2
	Consolidated Statements of Comprehensive Income / (Loss) for the Three and Six Months Ended June 30, 2023 and 2022 (Unaudited)	3
	Consolidated Statements of Equity for the Three and Six Months Ended June 30, 2023 and 2022 (Unaudited)	4
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2023 and 2022 (Unaudited)	6
	Notes to Consolidated Financial Statements (Unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	42
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	65
Item 4.	Controls and Procedures	66

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings	67
Item 1A.	Risk Factors	67
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	68
Item 6.	Exhibits	69
	Signatures	70

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(In millions, except for per share amounts)

	(Unaudited) June 30, 2023	December 31, 2022
Assets		
Land	\$ 4,039.5	\$ 4,322.3
Land improvements and buildings	11,323.5	10,903.4
Rental homes and improvements	694.1	645.2
Furniture, fixtures and equipment	941.8	839.0
Investment property	16,998.9	16,709.9
Accumulated depreciation	(3,011.4)	(2,738.9)
Investment property, net (see Note 7 at VIEs)	13,987.5	13,971.0
Cash, cash equivalents and restricted cash (see Note 7 at VIEs)	68.7	90.4
Marketable securities (see Note 15)	110.4	127.3
Inventory of manufactured homes	236.6	202.7
Notes and other receivables, net	733.3	617.3
Goodwill	1,104.2	1,018.4
Other intangible assets, net (see Note 7 at VIEs)	385.4	402.0
Other assets, net (see Note 7 at VIEs)	935.3	655.1
Total Assets	\$ 17,561.4	\$ 17,084.2
Liabilities		
Secured debt (see Note 8; Note 7 at VIEs)	\$ 3,373.0	\$ 3,217.8
Unsecured debt (see Note 8; Note 7 at VIEs)	4,241.0	3,979.4
Distributions payable	118.0	111.3
Advanced reservation deposits and rent (see Note 7 at VIEs)	430.9	352.1
Accrued expenses and accounts payable (see Note 7 at VIEs)	353.6	396.3
Other liabilities (see Note 7 at VIEs)	958.3	935.9
Total Liabilities	9,474.8	8,992.8
Commitments and contingencies (see Note 16)		
Temporary equity (see Note 9; Note 7 at VIEs)	298.1	202.9
Shareholders' Equity		
Common stock, \$0.01 par value. Authorized: 360.0 shares; Issued and outstanding: 124.4 at June 30, 2023 and 124.0 at December 31, 2022	1.2	1.2
Additional paid-in capital	9,567.5	9,549.7
Accumulated other comprehensive income / (loss)	37.6	(9.9)
Distributions in excess of accumulated earnings	(1,898.2)	(1,731.2)
Total SUI shareholders' equity	7,708.1	7,809.8
Noncontrolling interests		
Common and preferred OP units	80.4	78.7
Total noncontrolling interests	80.4	78.7
Total Shareholders' Equity	7,788.5	7,888.5
Total Liabilities, Temporary Equity and Shareholders' Equity	\$ 17,561.4	\$ 17,084.2

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except for per share amounts) (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues				
Real property	\$ 526.2	\$ 488.1	\$ 967.6	\$ 875.9
Home sales	122.6	142.7	208.9	207.4
Service, retail, dining and entertainment	190.9	167.6	293.5	248.8
Interest	14.0	7.3	25.4	14.1
Brokerage commissions and other, net	9.8	8.6	19.3	16.6
Total Revenues	863.5	814.3	1,514.7	1,362.8
Expenses				
Property operating and maintenance	178.6	160.4	335.2	284.5
Real estate tax	30.0	27.7	60.1	53.8
Home costs and selling	81.2	92.9	144.4	138.8
Service, retail, dining and entertainment	171.7	142.7	271.7	218.4
General and administrative	62.3	62.2	126.2	117.9
Catastrophic event-related charges, net	(0.1)	0.1	0.9	0.1
Business combinations	0.2	15.0	3.0	15.5
Depreciation and amortization	164.1	150.1	319.7	298.0
Asset impairments	6.5	0.1	8.9	0.7
Loss on extinguishment of debt (see Note 8)	—	0.1	—	0.4
Interest	79.2	55.3	155.8	100.5
Interest on mandatorily redeemable preferred OP units / equity	0.9	1.1	1.9	2.1
Total Expenses	774.6	707.7	1,427.8	1,230.7
Income Before Other Items	88.9	106.6	86.9	132.1
Gain / (loss) on remeasurement of marketable securities (see Note 15)	5.8	(32.3)	(14.1)	(66.8)
Gain on foreign currency exchanges	2.7	9.0	—	6.8
Gain / (loss) on dispositions of properties	(0.6)	(0.1)	(2.2)	13.3
Other income / (expense), net	(0.8)	0.4	(1.8)	(0.2)
Gain / (loss) on remeasurement of notes receivable (see Note 4)	(0.1)	—	(1.8)	0.2
Income / (loss) from nonconsolidated affiliates (see Note 6)	(0.7)	0.9	(0.9)	1.8
Gain / (loss) on remeasurement of investment in nonconsolidated affiliates (see Note 6)	—	0.4	(4.5)	0.5
Current tax expense (see Note 12)	(5.4)	(3.9)	(9.3)	(5.2)
Deferred tax benefit (see Note 12)	7.7	0.3	12.3	0.3
Net Income	97.5	81.3	64.6	82.8
Less: Preferred return to preferred OP units / equity interests	3.3	3.1	5.7	6.1
Less: Income / (loss) attributable to noncontrolling interests	4.4	4.2	(0.8)	2.0
Net Income Attributable to SUI Common Shareholders	\$ 89.8	\$ 74.0	\$ 59.7	\$ 74.7
Weighted average common shares outstanding - basic	123.4	120.0	123.4	117.6
Weighted average common shares outstanding - diluted	123.4	120.0	123.4	120.4
Basic earnings per share (see Note 13)	\$ 0.72	\$ 0.61	\$ 0.48	\$ 0.63
Diluted earnings per share (see Note 13)	\$ 0.72	\$ 0.61	\$ 0.48	\$ 0.63

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions) (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Income	\$ 97.5	\$ 81.3	\$ 64.6	\$ 82.8
Foreign Currency Translation				
Foreign currency translation gain / (loss) arising during period	15.4	(65.7)	32.6	(67.0)
Adjustment for accumulated foreign currency translation loss reclassified into earnings	—	—	11.9	—
Net foreign currency translation gain / (loss)	15.4	(65.7)	44.5	(67.0)
Cash Flow Hedges				
Change in unrealized gain on interest rate derivatives	19.0	9.8	10.4	35.0
Less: Interest rate derivative gains reclassified to earnings	(3.2)	(0.8)	(5.5)	(0.8)
Net unrealized gain on interest rate derivatives	15.8	9.0	4.9	34.2
Total Comprehensive Income	128.7	24.6	114.0	50.0
Less: Comprehensive income attributable to noncontrolling interests	(5.7)	(1.7)	(1.1)	(0.6)
Comprehensive Income attributable to SUI	<u>\$ 123.0</u>	<u>\$ 22.9</u>	<u>\$ 112.9</u>	<u>\$ 49.4</u>

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions) (Unaudited)

	Temporary Equity	Common Stock (Shares)	Stockholders' Equity							Total Equity
			Common Stock (\$Value)	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income / (Loss)	Non- controlling Interests	Total Stockholders' Equity		
Balance at December 31, 2022	\$ 202.9	124.0	\$ 1.2	\$ 9,549.7	\$ (1,731.2)	\$ (9.9)	\$ 78.7	\$ 7,888.5	\$ 8,091.4	
Issuance of common stock and common OP units, net	—	0.4	—	—	—	—	4.4	4.4	4.4	
Common stock withheld to satisfy income tax obligations related to vesting of restricted stock awards	—	(0.1)	—	(11.0)	—	—	—	(11.0)	(11.0)	
Conversion of OP units	—	0.1	—	7.3	—	—	—	7.3	7.3	
Issuance of third party equity interests in consolidated entities	1.7	—	—	—	—	—	—	—	1.7	
Share-based compensation - amortization and forfeitures	—	—	—	10.4	—	—	—	10.4	10.4	
Issuance of Series K preferred OP units	100.0	—	—	—	—	—	—	—	100.0	
Other comprehensive income	—	—	—	—	—	17.6	0.6	18.2	18.2	
Net loss	(4.4)	—	—	—	(27.7)	—	(0.8)	(28.5)	(32.9)	
Distributions	(1.6)	—	—	—	(115.8)	—	(3.1)	(118.9)	(120.5)	
OP Units accretion	0.3	—	—	—	(0.3)	—	—	(0.3)	—	
Balance at March 31, 2023	\$ 298.9	124.4	\$ 1.2	\$ 9,556.4	\$ (1,875.0)	\$ 7.7	\$ 79.8	\$ 7,770.1	\$ 8,069.0	
Issuance of common stock and common OP units, net	—	—	—	(0.2)	—	—	—	(0.2)	(0.2)	
Common stock withheld to satisfy income tax obligations related to vesting of restricted stock awards	—	—	—	(1.1)	—	—	—	(1.1)	(1.1)	
Conversion of OP units	(2.0)	—	—	2.1	—	—	(0.1)	2.0	—	
Issuance of third party equity interests in consolidated entities	0.2	—	—	—	—	—	—	—	0.2	
Other redeemable noncontrolling interests	0.1	—	—	—	(0.1)	—	—	(0.1)	—	
Share-based compensation - amortization and forfeitures	—	—	—	10.3	0.2	—	—	10.5	10.5	
Issuance of Series K preferred OP units	0.6	—	—	—	—	—	—	—	0.6	
Other comprehensive income	—	—	—	—	—	29.9	1.3	31.2	31.2	
Net income	1.9	—	—	—	93.1	—	2.5	95.6	97.5	
Distributions	(2.3)	—	—	—	(115.7)	—	(3.1)	(118.8)	(121.1)	
OP Units accretion	0.7	—	—	—	(0.7)	—	—	(0.7)	—	
Balance at June 30, 2023	\$ 298.1	124.4	\$ 1.2	\$ 9,567.5	\$ (1,898.2)	\$ 37.6	\$ 80.4	\$ 7,788.5	\$ 8,086.6	

SUN COMMUNITIES, INC.

	Temporary Equity	Common Stock (Shares)	Stockholders' Equity							Total Equity
			Common Stock (\$Value)	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income / (loss)	Non- controlling Interests	Total Stockholders' Equity		
Balance at December 31, 2021	\$ 288.9	116.0	\$ 1.2	\$ 8,175.6	\$ (1,556.0)	\$ 3.1	\$ 106.7	\$ 6,730.6	\$ 7,019.5	
Issuance of common stock and common OP units, net	—	0.3	—	(0.2)	—	—	2.8	2.6	2.6	
Common stock withheld to satisfy income tax obligations related to vesting of restricted stock awards	—	(0.1)	—	(16.4)	—	—	—	(16.4)	(16.4)	
Conversion of OP units	—	—	—	0.7	—	—	(0.7)	—	—	
Share-based compensation - amortization and forfeitures	—	—	—	9.7	0.1	—	—	9.8	9.8	
Other comprehensive income	—	—	—	—	—	22.8	1.1	23.9	23.9	
Net income / (loss)	(3.1)	—	—	—	3.7	—	0.9	4.6	1.5	
Distributions	(2.1)	—	—	—	(102.3)	—	(3.1)	(105.4)	(107.5)	
OP Units accretion	0.2	—	—	—	(0.1)	—	—	(0.1)	0.1	
Balance at March 31, 2022	<u>\$ 283.9</u>	<u>116.2</u>	<u>\$ 1.2</u>	<u>\$ 8,169.4</u>	<u>\$ (1,654.6)</u>	<u>\$ 25.9</u>	<u>\$ 107.7</u>	<u>\$ 6,649.6</u>	<u>\$ 6,933.5</u>	
Issuance of common stock and common OP units, net	—	5.5	—	968.6	—	—	2.7	971.3	971.3	
Common stock withheld to satisfy income tax obligations related to vesting of restricted stock awards	—	(0.1)	—	(1.2)	—	—	—	(1.2)	(1.2)	
Issuance of third party equity interests in consolidated entities	9.7	—	—	—	—	—	—	—	9.7	
Other redeemable noncontrolling interests	0.1	—	—	—	(0.1)	—	—	(0.1)	—	
Acquisition of third party equity interest in consolidated entities	—	—	—	13.2	—	—	(16.5)	(3.3)	(3.3)	
Share-based compensation - amortization and forfeitures	—	—	—	9.1	0.1	—	—	9.2	9.2	
Other comprehensive loss	—	—	—	—	—	(54.2)	(2.5)	(56.7)	(56.7)	
Net income	1.5	—	—	—	77.1	—	2.7	79.8	81.3	
Distributions	(2.0)	—	—	—	(107.0)	—	(3.2)	(110.2)	(112.2)	
OP Units accretion	0.1	—	—	—	(0.2)	—	—	(0.2)	(0.1)	
Balance at June 30, 2022	<u>\$ 293.3</u>	<u>121.6</u>	<u>\$ 1.2</u>	<u>\$ 9,159.1</u>	<u>\$ (1,684.7)</u>	<u>\$ (28.3)</u>	<u>\$ 90.9</u>	<u>\$ 7,538.2</u>	<u>\$ 7,831.5</u>	

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions) (Unaudited)

	Six Months Ended	
	June 30, 2023	June 30, 2022
Operating Activities		
Net Cash Provided By Operating Activities	\$ 449.9	\$ 532.0
Investing Activities		
Investment in properties	(564.7)	(406.4)
Acquisitions, net of cash acquired	(48.7)	(1,903.7)
Proceeds / (payment) for deposit on acquisition	1.2	(195.3)
Proceeds from insurance	5.0	—
Proceeds from disposition of assets and depreciated homes, net	34.2	53.7
Proceeds related to disposition of properties	0.2	28.8
Issuance of notes and other receivables	(14.5)	(37.8)
Repayments of notes and other receivables	4.8	2.5
Investments in nonconsolidated affiliates	(12.1)	(25.4)
Distributions of capital from nonconsolidated affiliates	12.8	7.8
Net Cash Used For Investing Activities	(581.8)	(2,475.8)
Financing Activities		
Issuance and costs of common stock, OP units and preferred OP units, net	(0.2)	934.5
Common stock withheld to satisfy income tax obligations related to vesting of restricted stock awards	(12.1)	(17.6)
Borrowings on lines of credit	990.1	2,384.4
Payments on lines of credit	(1,186.5)	(1,572.0)
Proceeds from issuance of other debt	583.0	597.5
Contributions from noncontrolling interest	1.9	9.8
Payments on other debt	(28.3)	(46.9)
Payments on financial liability	—	(2.3)
Fees paid in connection with extinguishment of debt	—	(0.3)
Proceeds received from return of prepaid deferred financing costs	2.0	—
Distributions	(234.8)	(209.0)
Payments for deferred financing costs	(5.7)	(19.6)
Distributions for redemption of noncontrolling interests	—	(1.6)
Net Cash Provided By Financing Activities	109.4	2,056.9
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.8	(6.6)
Net change in cash, cash equivalents and restricted cash	(21.7)	106.5
Cash, cash equivalents and restricted cash, beginning of period	90.4	78.2
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 68.7	\$ 184.7

SUN COMMUNITIES, INC.

	Six Months Ended	
	June 30, 2023	June 30, 2022
Supplemental Information		
Cash paid for interest (net of capitalized interest of \$5.1 and \$2.8, respectively)	\$ 151.6	\$ 94.7
Cash paid for interest on mandatorily redeemable debt	\$ 1.9	\$ 2.1
Cash paid for income taxes	\$ 15.0	\$ 1.7
Noncash investing and financing activities		
Change in distributions declared and outstanding	\$ 6.8	\$ 10.8
Conversion of common and preferred OP units	\$ 9.4	\$ 0.7
Assets held for sale, net (included within Other Assets, net and Other Liabilities)	\$ 210.4	\$ —
Common OP units issued for redemption of noncontrolling interests	\$ —	\$ 1.8
ROU asset obtained from new operating lease liabilities	\$ 0.2	\$ —
Issuance of notes and other receivables in relation to disposition of properties	\$ 111.2	\$ —
Noncash investing and financing activities at the date of acquisition		
Acquisitions - Common stock and OP units issued	\$ 4.4	\$ 37.7
Acquisitions - Series K preferred interest	\$ 100.6	\$ —
Acquisitions - Finance lease liabilities	\$ —	\$ 6.6
Acquisitions - Financial liabilities	\$ —	\$ 305.9
Acquisitions - Deferred tax liabilities	\$ —	\$ 232.8

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**1. Basis of Presentation**

Sun Communities, Inc. and all wholly-owned or majority-owned and controlled subsidiaries, including Sun Communities Operating Limited Partnership, (the "Operating Partnership"), Sun Home Services, Inc., ("SHS"), Safe Harbor Marinas, LLC ("Safe Harbor") and Sun UK Holding LLC (together with its subsidiaries, "Park Holidays") are referred to herein as the "Company," "SUI," "we," "us," and, or "our."

We follow accounting standards set by the Financial Accounting Standards Board ("FASB"). FASB establishes accounting principles generally accepted in the United States of America ("GAAP"), which we follow to ensure that we consistently report our financial condition, results of operations and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("ASC"). These unaudited Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information and in accordance with GAAP. We present interim disclosures and certain information and footnote disclosures as required by SEC rules and regulations. Accordingly, the unaudited Consolidated Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited Consolidated Financial Statements reflect, in the opinion of management, all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of the interim financial statements. All significant intercompany transactions have been eliminated in consolidation.

Certain prior period amounts have been reclassified to conform with current presentation, with no effect on net income. These include reclassification of certain revenues and expenses between Real property and Service, retail, dining and entertainment within our Marina segment. There was no impact to prior period net income, shareholders equity or cash flows for any of the reclassifications. Further, the reclassification had no impact on previously reported total marina net operating income ("NOI").

The results of operations for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the SEC on February 23, 2023 (our "2022 Annual Report"). These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our 2022 Annual Report.

Our three reportable segments are: (i) Manufactured home ("MH") communities, (ii) Recreational vehicle ("RV") communities and (iii) Marinas.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

2. Revenue

The following table disaggregates our revenue by major source and segment (in millions):

	Three Months Ended							
	June 30, 2023				June 30, 2022			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Revenues								
Real property	\$ 266.1	\$ 148.2	\$ 111.9	\$ 526.2	\$ 242.3	\$ 148.9	\$ 96.9	\$ 488.1
Home sales	109.1	13.5	—	122.6	129.5	13.2	—	142.7
Service, retail, dining and entertainment	15.6	26.1	149.2	190.9	13.3	27.4	126.9	167.6
Interest	12.7	1.1	0.2	14.0	6.7	0.6	—	7.3
Brokerage commissions and other, net	4.7	4.0	1.1	9.8	5.0	2.9	0.7	8.6
Total Revenues	\$ 408.2	\$ 192.9	\$ 262.4	\$ 863.5	\$ 396.8	\$ 193.0	\$ 224.5	\$ 814.3

	Six Months Ended							
	June 30, 2023				June 30, 2022			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Revenues								
Real property	\$ 518.9	\$ 247.8	\$ 200.9	\$ 967.6	\$ 451.1	\$ 251.6	\$ 173.2	\$ 875.9
Home sales	189.0	19.9	—	208.9	187.6	19.8	—	207.4
Service, retail, dining and entertainment	21.1	32.0	240.4	293.5	15.6	34.7	198.5	248.8
Interest	23.0	2.0	0.4	25.4	12.9	1.2	—	14.1
Brokerage commissions and other, net	8.7	8.5	2.1	19.3	9.1	6.5	1.0	16.6
Total Revenues	\$ 760.7	\$ 310.2	\$ 443.8	\$ 1,514.7	\$ 676.3	\$ 313.8	\$ 372.7	\$ 1,362.8

Our revenue consists of real property revenue at our MH, RV and Marina properties, revenue from Home sales, Service, retail, dining and entertainment revenue, Interest income, and Brokerage commissions and other revenue.

The majority of our revenue is derived from site and home leases, and wet slip and dry storage space leases that are accounted for pursuant to ASC 842, "Leases." We account for all revenue from contracts with customers following ASC 606, "Revenue from Contracts with Customers," except for those that are within the scope of other topics in the FASB ASC. For additional information, refer to Note 1, "Significant Accounting Policies," in our 2022 Annual Report.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

3. Real Estate Acquisitions and Dispositions

2023 Acquisitions

During the six months ended June 30, 2023, we acquired the following properties:

Community Name	Type	Sites, Wet Slips and Dry Storage Spaces	Development Sites	State, Province or Country	Month Acquired
Fox Run	MH: asset acquisition	68	72	MI	January
Savannah Yacht Center	Marina: asset acquisition	24	—	GA	March
Total		92	72		

The following table summarizes the amount of assets acquired, net of liabilities assumed at the acquisition date and the consideration paid for the acquisitions completed during the six months ended June 30, 2023 (in millions):

	At Acquisition Date					Consideration		
	Investment in property	Inventory of manufactured homes, boat parts and retail related items	In-place leases, goodwill and other intangible assets	Other assets, net	Total identifiable assets acquired net of liabilities assumed	Cash and escrow	Temporary and permanent equity ⁽¹⁾	Total consideration
Asset Acquisition								
Fox Run ⁽²⁾	\$ 7.2	\$ —	\$ —	\$ —	\$ 7.2	\$ 2.8	\$ 4.4	\$ 7.2
Savannah Yacht Center ⁽³⁾	100.2	0.1	0.4	4.2	104.9	4.3	100.6	104.9
Total	\$ 107.4	\$ 0.1	\$ 0.4	\$ 4.2	\$ 112.1	\$ 7.1	\$ 105.0	\$ 112.1

⁽¹⁾ Refer to Note 9, "Equity and Temporary Equity," for additional detail.

⁽²⁾ In conjunction with the acquisition, the Operating Partnership issued 31,289 common OP units valued at \$4.4 million.

⁽³⁾ In conjunction with the acquisition, the Operating Partnership issued one million Series K preferred OP units valued at \$100.6 million.

As of June 30, 2023, we have incurred and capitalized \$3.0 million of transaction costs, which have been allocated among various fixed asset categories for purchases that meet the asset acquisition criteria. During the six months ended June 30, 2023, we recognized \$3.0 million of business combination expenses in connection with transactions completed during 2022.

2023 Development and Expansion Activities

During the six months ended June 30, 2023, we acquired three land parcels located in the United States ("U.S.") and United Kingdom ("UK") for an aggregate purchase price of \$34.9 million.

2023 Dispositions

In February 2023, we sold two parcels of land in the UK for total consideration of \$111.5 million, which primarily consisted of \$108.8 million in the form of an operator note receivable that was added to an existing facility with a weighted average interest rate of 11.9% per annum, due May 31, 2023 and subsequently extended to July 31, 2023 as part of the operator's total facility. On the date of sale, the carrying value of the note receivable approximated its fair value due to its short term nature. The dispositions resulted in a loss on sale totaling \$2.2 million during the six months ended June 30, 2023, net of the release of foreign currency translation losses from Accumulated other comprehensive income / (loss) ("AOCI") of \$11.9 million. The total loss on sale was recorded in Gain / (loss) on dispositions of properties on the Consolidated Statements of Operations.

Real Estate Held For Sale

We periodically classify real estate as "held for sale." An asset is classified as held for sale after an active program to sell an asset has commenced and when the sale is probable. Subsequent to the classification of assets as held for sale, no further depreciation expense is recorded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

In May 2023, we reached an agreement to sell an MH operating community located in Maine with 155 developed sites for cash consideration of \$6.8 million. We assessed criteria and determined that the property required classification as held for sale at June 30, 2023. As a result, the net carrying value of \$13.1 million, was written down by \$6.3 million within Asset impairments on our Consolidated Statements of Operations, to a fair value less costs to sell of \$6.8 million. The adjusted carrying value which consists primarily of land, land improvements and buildings was recorded within Other assets, net on our Consolidated Balance Sheets at June 30, 2023. The sale is expected to close during the three months ended September 30, 2023.

In February 2023, we reached an agreement to sell an operating MH community in the UK with 730 developed sites for approximately \$240.0 million in the form of a note receivable. We assessed criteria and determined that the property required classification as held for sale. As a result, the carrying value of total assets of \$269.1 million and total liabilities of \$65.5 million were reclassified to held for sale as of June 30, 2023. The held for sale assets primarily consist of Land and Land improvements and buildings and are recorded within Other assets, net on the Consolidated Balance Sheets. The held for sale liabilities primarily consist of Deferred tax liabilities and are recorded within Other liabilities on the Consolidated Balance Sheets. The sale is expected to close during the three months ended September 30, 2023.

2022 Acquisitions

For the year ended December 31, 2022, we acquired the following properties:

Property Name ⁽¹⁾	Type	Sites, Wet Slips and Dry Storage Spaces	Development Sites	State, Province or Country	Month Acquired
Harrison Yacht Yard ⁽²⁾	Marina: asset acquisition	21	—	MD	January
Outer Banks	Marina: asset acquisition	196	—	NC	January
Jarrett Bay Boatworks	Marina: business combination	12	—	NC	February
Tower Marine	Marina: asset acquisition	446	—	MI	March
Sandy Bay	MH: asset acquisition	730	456	UK	March
Park Holidays ⁽³⁾	MH: business combination	15,906	608	UK	April
Christies Parks ⁽²⁾	MH: asset acquisition	249	—	UK	April
Bluewater	Marina: asset acquisition	200	—	Multiple	April
Bluewater Yacht Sales ⁽²⁾	Marina: business combination	—	—	Multiple	April
Bodmin Holiday Park	MH: asset acquisition	69	—	UK	April
Kittery Point	Marina: asset acquisition	62	—	ME	May
Spanish Trails MHC	MH: asset acquisition	195	6	AZ	June
Pine Acre Trails	MH: asset acquisition	251	603	TX	June
Bel Air Estates & Sunrise Estates ⁽⁴⁾	MH: asset acquisition	379	—	CA	June
Park Leisure ⁽⁵⁾	MH: business combination	2,914	123	UK	June
Montauk Yacht Club	Marina: business combination	232	—	NY	July
Callaly Leisure ⁽⁶⁾	MH: asset acquisition	380	823	UK	September
Newhaven	MH: asset acquisition	224	14	UK	October
Bayfront Marina	Marina: asset acquisition	583	—	CA	November
Marina Bay Yacht Harbor	Marina: asset acquisition	800	—	CA	December
Jellystone Lincoln	RV: asset acquisition	267	—	DE	December
Norway Commons	MH: asset acquisition	231	22	ME	December
Total		24,347	2,655		

⁽¹⁾ Property names are subject to changes subsequent to acquisition.

⁽²⁾ Combined with an existing property.

⁽³⁾ Includes 40 owned and two managed properties.

⁽⁴⁾ Includes two properties.

⁽⁵⁾ Includes 11 properties.

⁽⁶⁾ Includes one development property.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following table summarizes the amounts of assets acquired, net of liabilities assumed at the acquisition date and the consideration paid for the acquisitions completed in 2022 (in millions):

	At Acquisition Date					Consideration		
	Investment in property	Inventory of manufactured homes, boat parts and retail related items	In-place leases, goodwill and other intangible assets ⁽¹⁾	Other assets / (liabilities), net	Total identifiable assets acquired net of liabilities assumed	Cash and escrow	Temporary and permanent equity	Total consideration
Asset Acquisition								
Harrison Yacht Yard ⁽⁴⁾	\$ 5.8	\$ —	\$ —	\$ —	\$ 5.8	\$ 5.8	\$ —	\$ 5.8
Outer Banks	5.2	—	—	(0.4)	4.8	4.8	—	4.8
Tower Marine	20.2	—	0.2	(2.1)	18.3	18.3	—	18.3
Sandy Bay	247.9	9.4	2.1	(68.3)	191.1	191.1	—	191.1
Christies Parks ⁽⁴⁾	10.1	—	—	2.1	12.2	12.2	—	12.2
Bluewater	25.3	1.3	0.1	1.3	28.0	28.0	—	28.0
Bodmin Holiday Park	13.1	—	—	—	13.1	13.1	—	13.1
Kittery Point	8.0	0.1	—	(0.1)	8.0	7.0	1.0	8.0
Spanish Trails MHC	20.6	1.8	—	—	22.4	22.4	—	22.4
Pine Acre Trails	29.7	—	—	—	29.7	29.7	—	29.7
Bel Air Estates & Sunrise Estates	39.3	—	0.7	—	40.0	40.0	—	40.0
Callaly Leisure	23.8	0.1	—	(0.3)	23.6	23.6	—	23.6
Newhaven	6.2	—	—	—	6.2	6.2	—	6.2
Bayfront Marina	11.3	—	0.9	(0.5)	11.7	11.7	—	11.7
Marina Bay Yacht Harbor	16.2	—	0.2	(0.7)	15.7	15.7	—	15.7
Jellystone Lincoln ⁽⁵⁾	17.0	—	—	1.2	18.2	18.2	—	18.2
Norway Commons	15.1	0.4	0.3	—	15.8	15.8	—	15.8
Business Combination								
Jarrett Bay Boatworks ⁽⁶⁾	21.3	1.4	47.5	1.0	71.2	68.4	2.8	71.2
Park Holidays ⁽⁷⁾	1,254.7	29.5	574.5	(624.9)	1,233.8	1,199.9	33.9	1,233.8
Park Leisure	259.5	—	76.4	(110.1)	225.8	225.8	—	225.8
Montauk Yacht Club	163.6	0.3	26.3	0.3	190.5	190.5	—	190.5
Total	<u>\$ 2,213.9</u>	<u>\$ 44.3</u>	<u>\$ 729.2</u>	<u>\$ (801.5)</u>	<u>\$ 2,185.9</u>	<u>\$ 2,148.2</u>	<u>\$ 37.7</u>	<u>\$ 2,185.9</u>

⁽¹⁾ Refer to Note 5, "Goodwill and Other Intangible Assets," for additional detail on goodwill and other intangible assets.

⁽²⁾ Refer to Note 9, "Equity and Temporary Equity," for additional detail.

⁽³⁾ Property names are subject to changes subsequent to acquisition.

⁽⁴⁾ Combined with an existing property.

⁽⁵⁾ In December 2020, we entered into a loan agreement pursuant to which we extended credit to Blue Water to finance the construction of Jellystone Lincoln (the "RV Park"). In December 2022, we entered into a purchase and sale agreement pursuant to which we purchased the RV Park for cash consideration of \$5.0 million, which was applied toward the existing Blue Water loan balance of \$12.9 million, and the remaining loan balance of \$7.9 million was forgiven. Upon acquisition of the RV Park, we agreed to loan Blue Water an amount equal to \$3.7 million, accounted as consideration based on the loan forgiveness terms. Additional consideration for vacation rental units of \$0.4 million, resulted in a total purchase price of \$17.0 million. In addition, we entered into a lease agreement pursuant to which Blue Water will pay rent to us and continue to operate the park.

⁽⁶⁾ The balance includes the marina acquired in February and the yacht sales business acquired in April of which \$0.1 million was recorded in Investment property, \$17.6 million in Goodwill and other intangible assets, and \$0.4 million in Other assets / (liabilities), net.

⁽⁷⁾ Includes acquired intangible assets subject to amortization of \$70.2 million with a weighted average amortization period of 14.6 years, consisting of trademarks and trade names, customer relationships and other intangible assets.

As of December 31, 2022, we incurred \$19.2 million of transaction costs, which were capitalized and allocated among the various fixed asset categories for purchases that meet the asset acquisition criteria. As of December 31, 2022, we also incurred \$24.7 million of business combination expenses, which were expensed for acquisitions deemed to be business combinations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Total revenues and Net income included in the Consolidated Statements of Operations for the year ended December 31, 2022 related to business combinations completed in 2022 are set forth in the following table (in millions):

	Year Ended	
	December 31, 2022	
Total revenues	\$	353.6
Net income	\$	13.8

The following unaudited pro forma financial information presents the results of our operations for the year ended December 31, 2022, as if the properties combined through business combinations in 2022 had been acquired on January 1, 2021. The unaudited pro forma results reflect certain adjustments for items that are not expected to have a continuing impact, such as adjustments for transaction costs incurred, management fees and acquisition accounting.

The information presented below has been prepared for comparative purposes only and does not purport to be indicative of either future results of operations or the results of operations that would have actually occurred had the acquisitions been consummated on January 1, 2021 (in millions, except for per share data):

	Year Ended (unaudited)	
	December 31, 2022	
Total revenues	\$	3,091.3
Net income attributable to SUI common shareholders	\$	241.2
Net income per share attributable to SUI common shareholders - basic	\$	1.99
Net income per share attributable to SUI common shareholders - diluted	\$	1.99

2022 Development and Expansion Activities

During the year ended December 31, 2022, we acquired six land parcels located in the U.S. and the UK for an aggregate purchase price of \$26.2 million and two buildings and land parcels related to our marinas located in the U.S. for an aggregate purchase price of \$13.9 million.

2022 Dispositions

During the three months ended September 30, 2022, we sold an RV community containing 514 sites located in California for \$15.0 million. The disposition resulted in a loss on sale of \$0.8 million, inclusive of selling costs.

During the three months ended March 31, 2022, we sold two MH communities and one community containing MH and RV sites, each located in Florida, with a total of 323 sites for \$29.5 million. The gain from the sale of the properties was \$13.3 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

4. Notes and Other Receivables

The following table sets forth certain information regarding notes and other receivables (in millions):

	June 30, 2023	December 31, 2022
Installment notes receivable on manufactured homes, net	\$ 59.4	\$ 65.9
Notes receivable from real estate developers and operators	462.4	305.2
Other receivables, net	211.5	246.2
Total Notes and Other Receivables, net	\$ 733.3	\$ 617.3

Installment Notes Receivable on Manufactured Homes

Installment notes receivable are measured at fair value, using indicative pricing models from third party valuation specialists, in accordance with ASC Topic 820, "Fair Value Measurements and Disclosures." The balances of installment notes receivable of \$59.4 million (gross installment notes receivable of \$62.7 million less fair value adjustment of \$3.3 million) and \$65.9 million (gross installment notes receivable of \$67.3 million less fair value adjustment of \$1.4 million) as of June 30, 2023 and December 31, 2022, respectively, are secured by manufactured homes. The notes represent financing to purchasers of manufactured homes located in our communities and require monthly principal and interest payments. The notes had a net weighted average interest rate (net of servicing costs) and maturity of 7.6% and 13.3 years as of June 30, 2023, and 7.6% and 13.8 years as of December 31, 2022, respectively. Refer to Note 15, "Fair Value of Financial Instruments," for additional detail.

Notes Receivable from Real Estate Developers and Operators

Notes receivable from real estate developers and operators are measured at fair value, using indicative pricing models from third party valuation specialists, in accordance with ASC Topic 820, "Fair Value Measurements and Disclosures." As of June 30, 2023 and December 31, 2022, the notes receivable balances include a fully drawn loan provided to a real estate operator to fund investing and financing activities totaling \$358.5 million with a net weighted average interest rate and maturity of 12.2% and 0.1 years as of June 30, 2023, and totaling \$217.6 million with a net weighted average interest rate and maturity of 15.3% and 0.1 years as of December 31, 2022 (refer to Note 19, "Subsequent Events," for additional information regarding notes receivable activity after June 30, 2023). The additional acquisition and construction loans provided to real estate developers total \$103.9 million with a net weighted average interest rate and maturity of 9.0% and 2.4 years as of June 30, 2023, and total \$87.6 million with a net weighted average interest rate and maturity of 7.8% and 2.3 years as of December 31, 2022. As of June 30, 2023, the additional acquisition and construction loans provided to real estate developers have \$55.9 million of undrawn funds.

There were no adjustments to the fair value of notes receivable from real estate developers and operators during the six months ended June 30, 2023 and year ended December 31, 2022. Refer to Note 15, "Fair Value of Financial Instruments," for additional information.

Other Receivables, net

Other receivables, net were comprised of amounts due from the following categories (in millions):

	June 30, 2023	December 31, 2022
Insurance receivables	\$ 68.5	\$ 78.0
Marina customers for storage, service and lease payments, net ⁽¹⁾	51.7	41.8
Home sale proceeds	36.9	28.9
MH and annual RV residents for rent, utility charges, fees and other pass-through charges, net ⁽²⁾	17.1	61.5
Other receivables ⁽³⁾	37.3	36.0
Total Other Receivables, net	\$ 211.5	\$ 246.2

⁽¹⁾ Net of allowance of \$2.6 million and \$2.2 million as of June 30, 2023 and December 31, 2022, respectively.

⁽²⁾ Net of allowance of \$4.9 million and \$5.9 million as of June 30, 2023 and December 31, 2022, respectively.

⁽³⁾ Includes receivable from Rezplot Systems LLC, a nonconsolidated affiliate, in which we had 49.0% and 48.9% ownership interest as of June 30, 2023 and December 31, 2022, respectively. In June 2020, we made a convertible secured loan to Rezplot Systems LLC. The note allows for a principal amount of up to \$10.0 million to be drawn down over a period of three years, bears an interest rate of 3.0%, matures in June 2024, and is secured by all the assets of Rezplot Systems LLC. In January 2022, we made an additional loan to Rezplot Systems LLC that allows for a principal amount of up to \$5.0 million to be drawn over a period of three years, bears an interest rate of 3.0% and matures in January 2025. The outstanding balances were \$12.3 million and \$12.7 million as of June 30, 2023 and December 31, 2022, respectively. Refer to Note 6, "Investments in Nonconsolidated Affiliates," for additional information on Rezplot Systems LLC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

5. Goodwill and Other Intangible Assets

Our intangible assets include goodwill, in-place leases, non-competition agreements, trademarks and trade names, customer relationships, franchise agreements and other intangible assets. These intangible assets are recorded in Goodwill and Other intangible assets, net on the Consolidated Balance Sheets.

Goodwill

The measurement periods for the valuation of assets acquired and liabilities assumed in a business combination end as soon as information on the facts and circumstances that existed as of the acquisition dates becomes available but do not exceed 12 months. Adjustments in purchase price allocations may require a change in the amounts allocated to goodwill during the periods in which the adjustments are determined. These purchase accounting adjustments are presented under Other in the table below. Changes in the carrying amount of goodwill during the six months ended June 30, 2023 by reportable segment were as follows (in millions):

Goodwill by Segment	December 31, 2022	Currency Translation Adjustment	Other ⁽¹⁾	June 30, 2023
MH	\$ 467.4	\$ 25.1	\$ 60.7	\$ 553.2
RV	9.5	—	—	9.5
Marina	541.5	—	—	541.5
Total	<u>\$ 1,018.4</u>	<u>\$ 25.1</u>	<u>\$ 60.7</u>	<u>\$ 1,104.2 ⁽²⁾</u>

⁽¹⁾ During the six months ended June 30, 2023, adjustments in purchase price allocations resulted in the recognition of additional goodwill of \$60.7 million in the MH segment, related to the Park Leisure business combination.

⁽²⁾ During the year ended December 31, 2022, we recognized goodwill from acquisitions of \$516.0 million which is expected to be deductible for tax purposes. There were no business combination acquisitions during the six months ended June 30, 2023.

Other Intangible Assets, net

The gross carrying amounts and accumulated amortization of our intangible assets were as follows (in millions):

Other Intangible Asset	Useful Life	June 30, 2023		December 31, 2022	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
In-place leases	2 months - 13 years	\$ 166.3	\$ (142.3)	\$ 165.7	\$ (135.4)
Non-competition agreements	5 years	10.5	(5.1)	10.5	(4.1)
Trademarks and trade names	3 - 15 years	82.9	(8.5)	81.2	(5.5)
Customer relationships	4 - 17 years	131.6	(30.9)	131.5	(24.7)
Franchise agreements and other intangible assets	1 - 27 years	48.3	(11.0)	48.3	(8.9)
Total finite-lived assets		<u>\$ 439.6</u>	<u>\$ (197.8)</u>	<u>\$ 437.2</u>	<u>\$ (178.6)</u>
Indefinite-lived assets - Trademarks and trade names	N/A	141.0	—	140.9	—
Indefinite-lived assets - Other	N/A	2.6	—	2.5	—
Total indefinite-lived assets		<u>\$ 143.6</u>	<u>\$ —</u>	<u>\$ 143.4</u>	<u>\$ —</u>
Total		<u>\$ 583.2</u>	<u>\$ (197.8)</u>	<u>\$ 580.6</u>	<u>\$ (178.6)</u>

Amortization expenses related to our Other intangible assets were as follows (in millions):

Other Intangible Asset Amortization Expense	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
In-place leases	\$ 3.2	\$ 3.8	\$ 6.8	\$ 8.4
Non-competition agreements	0.6	0.5	1.1	1.0
Trademarks and trade names	1.6	1.2	3.1	1.3
Customer relationships	3.1	3.1	6.3	5.9
Franchise fees and other intangible assets	0.8	0.7	1.7	1.3
Total	<u>\$ 9.3</u>	<u>\$ 9.3</u>	<u>\$ 19.0</u>	<u>\$ 17.9</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

We anticipate amortization expense for Other intangible assets to be as follows for the next five years (in millions):

Other Intangible Asset Future Amortization Expense	Remainder 2023	2024	2025	2026	2027
In-place leases	\$ 4.2	\$ 7.1	\$ 6.3	\$ 3.5	\$ 2.0
Non-competition agreements	1.1	2.1	2.1	0.1	—
Trademarks and trade names	3.1	5.4	5.4	5.4	5.4
Customer relationships	6.4	12.7	12.7	12.3	12.2
Franchise agreements and other intangible assets	2.0	3.3	3.1	2.9	2.6
Total	\$ 16.8	\$ 30.6	\$ 29.6	\$ 24.2	\$ 22.2

6. Investments in Nonconsolidated Affiliates

Investments in joint ventures that are not consolidated, nor recorded at cost, are accounted for using the equity method of accounting as prescribed in ASC Topic 323, "Investments - Equity Method and Joint Ventures." Investments in nonconsolidated affiliates are recorded within Other assets, net on the Consolidated Balance Sheets. Equity income and loss are recorded in Income / (loss) from nonconsolidated affiliates on the Consolidated Statements of Operations.

RezPlot Systems LLC ("Rezplot")

At June 30, 2023 and December 31, 2022, we had a 49.0% and 48.9% ownership interest, respectively, in Rezplot, a RV reservation software technology company, which we acquired in January 2019. Our investment balance in Rezplot was zero as of June 30, 2023 and December 31, 2022, respectively, with subsequent equity losses being applied as a reduction to our notes receivable from Rezplot. Refer to Note 4, "Notes and Other Receivables," for additional information on the notes receivable.

Sungenia Joint Venture ("Sungenia JV")

At June 30, 2023 and December 31, 2022, we had a 50.0% ownership interest in Sungenia JV, a joint venture formed between us and Ingenia Communities Group in November 2018, to establish and grow a manufactured housing community development program in Australia.

GTSC LLC ("GTSC")

At June 30, 2023 and December 31, 2022, we had a 40.0% ownership interest in GTSC, which engages in acquiring, holding and selling loans secured, directly or indirectly, by manufactured homes located in our communities.

Origen Financial Services, LLC ("OFS")

At June 30, 2023 and December 31, 2022, we had no ownership interest, in OFS, an end-to-end online resident screening and document management suite. During the three months ended June 30, 2022, we sold our ownership interest in OFS for \$0.6 million. The gain from the sale was \$0.3 million, which was recorded in Income / (loss) from nonconsolidated affiliates on the Consolidated Statements of Operations.

SV Lift, LLC ("SV Lift")

At June 30, 2023 and December 31, 2022, we had a 50.0% ownership interest in SV Lift, which owns, operates and leases an aircraft.

The investment balance in each nonconsolidated affiliate was as follows (in millions):

Investment	June 30, 2023	December 31, 2022
Investment in Sungenia JV	\$ 43.5	\$ 44.5
Investment in GTSC	47.9	54.5
Investment in SV Lift	2.2	2.3
Total	\$ 93.6	\$ 101.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The income / (loss) from each nonconsolidated affiliate is as follows (in millions):

Income / (Loss) from Nonconsolidated Affiliates	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
RezPlot equity loss	\$ (0.8)	\$ (1.3)	\$ (2.3)	\$ (2.1)
Sungenia JV equity income	—	0.5	0.6	1.1
GTSC equity income	0.6	1.7	1.6	2.9
OFS equity income	—	0.3	—	0.3
SV Lift equity loss	(0.5)	(0.3)	(0.8)	(0.4)
Total Income / (Loss) from Nonconsolidated Affiliates	\$ (0.7)	\$ 0.9	\$ (0.9)	\$ 1.8

The change in the GTSC investment balance is as follows (in millions):

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Beginning balance	\$ 54.5	\$ 35.7
Contributions	10.7	37.4
Distributions	(14.4)	(22.5)
Equity earnings	1.6	5.9
Fair value adjustment	(4.5)	(2.0)
Ending Balance	\$ 47.9	\$ 54.5

The change in the Sungenia JV investment balance is as follows (in millions):

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Beginning balance	\$ 44.5	\$ 36.2
Cumulative translation adjustment	(1.6)	(3.0)
Contributions	—	9.1
Equity earnings	0.6	2.2
Ending Balance	\$ 43.5	\$ 44.5

7. Consolidated Variable Interest Entities

The Operating Partnership

We consolidate the Operating Partnership under the guidance set forth in ASC 810, "Consolidation." We evaluated whether the Operating Partnership met the criteria for classification as a variable interest entity ("VIE") or, alternatively, as a voting interest entity and concluded that the Operating Partnership met the criteria of a VIE. Our significant asset is our investment in the Operating Partnership, and consequently, substantially all of our assets and liabilities represent those assets and liabilities of the Operating Partnership. We are the sole general partner and generally have the power to manage and have complete control over the Operating Partnership and the obligation to absorb its losses or the right to receive its benefits.

Other Consolidated VIEs

We consolidate Sun NG RV Resorts LLC ("Sun NG Resorts"), Sun NG Whitewater RV Resorts LLC, Sun NG Beaver Brook LLC, FPG Sun Menifee 80 LLC, Solar Energy Project LLC, Solar Energy Project CA II LLC, Solar Energy Project III LLC and FPG Sun Moreno Valley 66 LLC under the guidance set forth in ASC 810, "Consolidation." We concluded that each entity is a VIE where we are the primary beneficiary, as we have the power to direct the significant activities of and absorb the significant losses and receive the significant benefits from each entity. Refer to Note 8, "Debt and Line of Credit," and Note 9, "Equity and Temporary Equity," for additional information on Sun NG Resorts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following table summarizes the assets and liabilities of our consolidated VIEs after eliminations, with the exception of the Operating Partnership, included in our Consolidated Balance Sheets (in millions):

	June 30, 2023	December 31, 2022
Assets		
Investment property, net	\$ 812.9	\$ 739.7
Cash, cash equivalents and restricted cash	17.0	14.1
Other intangible assets, net	12.4	13.0
Other assets, net	5.9	10.5
Total Assets	<u>\$ 848.2</u>	<u>\$ 777.3</u>
Liabilities and Other Equity		
Secured debt	\$ 21.9	\$ 22.2
Unsecured debt	35.2	35.2
Advanced reservation deposits and rent	43.5	13.8
Accrued expenses and accounts payable	26.2	11.8
Other liabilities	1.2	1.4
Total Liabilities	128.0	84.4
Temporary equity	40.0	41.3
Total Liabilities and Other Equity	<u>\$ 168.0</u>	<u>\$ 125.7</u>

Total assets related to the consolidated VIEs, with the exception of the Operating Partnership, comprised 4.8% and 4.5% of our consolidated total assets at June 30, 2023 and December 31, 2022, respectively. Total liabilities comprised 1.4% and 0.9% of our consolidated total liabilities at June 30, 2023 and December 31, 2022, respectively. Equity Interests and Noncontrolling interests related to the consolidated VIEs, on an absolute basis, comprised less than 1.0% of our consolidated total equity at June 30, 2023 and December 31, 2022, respectively.

8. Debt and Line of Credit

The following table sets forth certain information regarding debt, including premiums, discounts and deferred financing costs (in millions, except for statistical information):

	Carrying Amount		Weighted Average Years to Maturity		Weighted Average Interest Rates	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Secured Debt ⁽¹⁾	\$ 3,373.0	\$ 3,217.8	9.5	10.2	3.811 %	3.723 %
Unsecured Debt						
Senior unsecured notes ⁽²⁾	2,176.2	1,779.6	8.0	8.1	3.375 %	2.9 %
Line of credit and other debt ⁽³⁾	2,002.9	2,130.6	2.2	2.8	5.021 %	4.417 %
Preferred equity - Sun NG Resorts - mandatorily redeemable	35.2	35.2	1.3	1.8	6.0 %	6.0 %
Preferred OP units - mandatorily redeemable	26.7	34.0	0.5	3.1	6.5 %	5.921 %
Total Unsecured Debt	<u>4,241.0</u>	<u>3,979.4</u>				
Total Debt	<u>\$ 7,614.0</u>	<u>\$ 7,197.2</u>	7.1	7.4	4.024 %	3.746 %

⁽¹⁾ Balances at June 30, 2023 and December 31, 2022 include \$0.1 million of net debt premium, respectively, and \$15.7 million and \$14.6 million of deferred financing costs, respectively.

⁽²⁾ Balances at June 30, 2023 and December 31, 2022 include \$6.9 million and \$6.1 million of net debt discount, respectively, and \$16.9 million and \$14.3 million of deferred financing costs, respectively. Weighted average interest rates include the impact of hedge activity.

⁽³⁾ Balances at June 30, 2023 and December 31, 2022 includes \$2.3 million and \$3.0 million of deferred financing costs, respectively. Weighted average interest rates include the impact of hedge activity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Secured Debt

Secured debt consists of mortgage term loans. During the six months ended June 30, 2023, no mortgage term loans were paid off. During the year ended December 31, 2022, we paid off the following mortgage term loans during the quarters presented below (in millions, except for statistical information):

Period	Repayment Amount	Fixed Interest Rate	Maturity Date	Loss on Extinguishment of Debt
Three months ended September 30, 2022	\$ 318.0 ⁽¹⁾	4.81 %	December 6, 2022 - September 6, 2024	\$ 4.0
Three months ended June 30, 2022	\$ 15.8	3.89 %	October 1, 2022	\$ —

⁽¹⁾ Includes 17 mortgage term loans which were scheduled to mature from December 6, 2022 to September 6, 2024, and were secured by 35 properties.

During the six months ended June 30, 2023 and the year ended December 31, 2022, we entered into the following mortgage term loans during the quarters presented below (in millions, except for statistical information):

Period	Loan Amount	Term (in years)	Interest Rate	Maturity Date
Three months ended March 31, 2023	\$ 85.0 ⁽¹⁾	3	5.0 %	February 13, 2026
	\$ 99.1 ⁽²⁾	7 - 10	5.72 %	April 1, 2030 - April 1, 2033
Three months ended December 31, 2022	\$ 226.0 ⁽³⁾	4 - 7	4.5 %	June 15, 2026 - December 15, 2029
Three months ended September 30, 2022	\$ 20.6 ⁽⁴⁾⁽⁵⁾	25	3.65 %	August 10, 2047
	\$ 3.4 ⁽⁵⁾	25	3.65 %	August 10, 2047

⁽¹⁾ Includes five existing encumbered properties.

⁽²⁾ Includes 22 existing encumbered properties.

⁽³⁾ Includes 18 existing encumbered properties.

⁽⁴⁾ Represents a construction loan (undrawn as of June 30, 2023).

⁽⁵⁾ Represents loans jointly secured by one property.

The mortgage term loans, which total \$3.4 billion as of June 30, 2023, are secured by 154 properties comprised of 61,629 sites representing approximately \$2.7 billion of net book value.

Unsecured Debt**Senior Unsecured Notes**

The following table sets forth certain information regarding our outstanding senior unsecured notes (in millions, except for statistical information). All senior unsecured notes include interest payments on a semi-annual basis in arrears, and are recorded in the Unsecured debt line item on the Consolidated Balance Sheets.

	Principal Amount	Carrying Amount	
		June 30, 2023	December 31, 2022
5.7% notes, issued in January 2023 and due in January 2033 ⁽¹⁾	\$ 400.0	\$ 395.5	N/A
4.2% notes, issued in April 2022 and due in April 2032	600.0	592.2	591.8
2.3% notes, issued in October 2021 and due in November 2028	450.0	446.5	446.2
2.7% notes, issued in June 2021 and October 2021, and due in July 2031	750.0	742.0	741.6
Total	\$ 2,200.0	\$ 2,176.2	\$ 1,779.6

⁽¹⁾ In January 2023, the Operating Partnership issued \$400.0 million of senior unsecured notes with an interest rate of 5.7% and a 10-year term, due January 15, 2033 (the "2033 Notes"). Interest on the notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2023. The net proceeds from the offering were \$395.3 million, after deducting underwriters' discounts and estimated offering expenses. We used the net proceeds from the offering to repay borrowings outstanding under our Senior Credit Facility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Line of Credit

In April 2022, the Operating Partnership (as borrower), SUI (as guarantor), and certain lenders entered into Amendment No. 1 to the Fourth Amended and Restated Credit Agreement and Other Loan Documents (the "Credit Facility Amendment"), which amended our senior credit facility (the "Senior Credit Facility").

The Credit Facility Amendment increased the aggregate amount of our Senior Credit Facility to \$4.2 billion with the ability to upsize the total borrowings by an additional \$800.0 million, subject to certain conditions. The increased aggregate amount under the Senior Credit Facility consists of the following: (a) a revolving loan in an amount up to \$3.05 billion and (b) a term loan facility of \$1.15 billion, with the ability to draw funds from the combined facilities in U.S. dollars, Pound sterling, Euros, Canadian dollars and Australian dollars, subject to certain limitations. The Credit Facility Amendment extended the maturity date of the revolving loan facility to April 7, 2026. At our option that maturity date may be extended two additional six-month periods. In addition, the Credit Facility Amendment established the maturity date of the term loan facility under the Credit Facility Amendment as April 7, 2025, which may not be further extended.

Prior to the Credit Facility Amendment, the Senior Credit Facility permitted aggregate borrowings of up to \$2.0 billion, with an accordion feature that allowed for additional commitments of up to \$1.0 billion, subject to the satisfaction of certain conditions. Prior to the amendment, \$500.0 million of available borrowings under the Senior Credit Facility were scheduled to mature on October 11, 2024, with the remainder scheduled to mature on June 14, 2025.

The Senior Credit Facility bears interest at a floating rate based on the Adjusted Term Secured Overnight Financing Rate ("SOFR"), the Adjusted Eurocurrency Rate, the Daily Risk Free Rate ("RFR"), the Australian Bank Bill Swap Bid Rate ("BBSY"), the Daily Sterling Overnight Index Average ("SONIA") Rate or the Canadian Dollar Offered Rate, as applicable, plus a margin, in all cases, which can range from 0.725% to 1.6%, subject to certain adjustments. As of June 30, 2023, the margins based on our credit ratings were 0.85% on the revolving loan facility and 0.95% on the term loan facility. During the six months ended June 30, 2023 and year ended December 31, 2022, we achieved sustainability related requirements resulting in a favorable 0.04% and 0.01% adjustments, respectively, to both margins.

At the lenders' option, the Senior Credit Facility will become immediately due and payable upon an event of default under the Credit Facility Amendment. We had \$884.8 million and \$1.1 billion of borrowings outstanding under the revolving loan as of June 30, 2023 and December 31, 2022, respectively. We also had \$1.1 billion of borrowings outstanding under the term loan on the Senior Credit Facility as of June 30, 2023 and December 31, 2022, respectively. These balances are recorded in Unsecured debt on the Consolidated Balance Sheets.

The Senior Credit Facility provides us with the ability to issue letters of credit. Our issuance of letters of credit does not increase our borrowings outstanding under the Senior Credit Facility, but does reduce the borrowing amount available. We had \$16.7 million and \$2.6 million of outstanding letters of credit at June 30, 2023 and December 31, 2022, respectively.

Bridge Loan Termination

In March 2022, we terminated our commitment letter with Citigroup Global Markets, Inc. ("Citigroup"), pursuant to which Citigroup (on behalf of its affiliates) previously committed to lend us up to £950.0 million in Pound sterling, or approximately \$1.2 billion converted at the March 31, 2022 exchange rate (the "Bridge Loan"). As of the date of termination, we did not have any borrowings outstanding under the Bridge Loan. During the year ended December 31, 2022, we recognized a Loss on extinguishment of debt in our Consolidated Statement of Operations of \$0.3 million related to the termination of the Bridge Loan.

Unsecured Term Loan

In October 2019, we assumed a \$58.0 million secured term loan facility related to an acquisition. The term loan initially had a four-year term ending October 29, 2023, and bore interest at a floating rate based on the Eurodollar rate or Prime rate plus a margin ranging from 1.2% to 2.05%. Effective July 1, 2021, the agreement was amended to release the associated collateral. The amendment extended the term loan facility maturity date to October 29, 2025 and adjusted the interest rate margin to a range from 0.8% to 1.6%. In August 2022, we amended the secured term loan facility to transition from the Eurodollar rate to SOFR. As of June 30, 2023, the margin based on our credit rating was 0.95%. The outstanding balance was \$11.7 million at June 30, 2023 and \$19.8 million at December 31, 2022, respectively. In accordance with the amended agreement, we achieved sustainability related requirements resulting in a favorable 0.01% adjustment to the margins. These balances are recorded in Unsecured debt on the Consolidated Balance Sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Preferred Equity - Sun NG Resorts - Mandatorily Redeemable

In connection with the investment in Sun NG Resorts in June 2018, \$35.3 million of mandatorily redeemable Preferred Equity ("Preferred Equity - Sun NG Resorts") was purchased by unrelated third parties. The Preferred Equity - Sun NG Resorts carries a preferred rate of return of 6.0% per annum. The Preferred Equity - Sun NG Resorts has a seven-year term ending June 1, 2025. If we terminate the property management agreement related to the property, we must acquire NG Sun LLC's interest in such property, which, in addition to its Series B preferred equity interests and common equity interests allocated to such property, may include its and certain unrelated third parties' Preferred Equity - Sun NG Resorts allocated to such property. The Preferred Equity - Sun NG Resorts as of June 30, 2023 and December 31, 2022, respectively, was \$35.2 million. This balance is recorded in Unsecured debt on the Consolidated Balance Sheets. Refer to Note 7, "Consolidated Variable Interest Entities," and Note 9, "Equity and Temporary Equity," for additional information.

Preferred OP Units - Mandatorily Redeemable

At June 30, 2023 and December 31, 2022, respectively, our Preferred OP units include \$26.7 million and \$34.0 million of Aspen preferred OP units. These balances are recorded in Unsecured debt on the Consolidated Balance Sheets. As of June 30, 2023, 988,819 of Aspen preferred OP units were outstanding and convertible into 323,271 common OP units.

In January 2020, we amended the Operating Partnership's partnership agreement to extend the automatic redemption date and reduce the annual distribution rate for 270,000 of the Aspen preferred OP units (the "Extended Units"). The Extended Units redemption date was extended to January 1, 2034, and their distribution rate was lowered to 3.8%. During the first quarter ended March 31, 2023, all of the Extended Units converted into common equity.

For the remaining Aspen preferred OP units, subject to certain limitations, at any time prior to January 1, 2024, the holder of each Aspen preferred OP unit may, at its option, convert such unit into: (a) if the average closing price of our common stock for the preceding ten trading days is \$68.00 per share or less, 0.397 common OP units; or (b) if the 10-day average closing price is greater than \$68.00 per share, a number of common OP units determined by dividing (i) the sum of (A) \$27.00 plus (B) 25.0% of the amount by which the 10-day average closing price exceeds \$68.00 per share, by (ii) the 10-day average closing price. The current preferred distribution rate on the remaining Aspen preferred OP units is 6.5%. On January 2, 2024, we are required to redeem for cash all Aspen preferred OP units that have not been converted to common OP units. Please refer to Note 19, "Subsequent Events," for additional information.

Covenants

The mortgage term loans, senior unsecured notes and Senior Credit Facility are subject to various financial and other covenants. The most restrictive covenants are pursuant to (a) the terms of the Senior Credit Facility, which contains a maximum leverage ratio, minimum fixed charge coverage ratio and maximum secured leverage ratio, and (b) the terms of the senior unsecured notes, which contain a total debt to total assets ratio, secured debt to total assets ratio, consolidated income available for debt service ratio and unencumbered total asset value to unsecured debt ratio. At June 30, 2023, we were in compliance with all financial covenants.

In addition, certain of our subsidiary borrowers own properties that secure loans. These subsidiaries are consolidated within our accompanying Consolidated Financial Statements, however, each of these subsidiaries' assets and credit are not available to satisfy our debts and other obligations, and any of our other subsidiaries or any other person or entity.

Interest Capitalized

We capitalize interest during the construction and development of our communities. Capitalized interest costs associated with construction and development activities during the three and six months ended June 30, 2023 and 2022 were as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest capitalized	\$ 2.6	\$ 1.8	\$ 5.1	\$ 2.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

9. Equity and Temporary Equity

Temporary Equity

Redeemable Preferred OP Units

Temporary equity includes preferred securities that are redeemable for cash at the holder's option or upon the occurrence of an event that is not solely within our control based on a fixed or determinable price. These securities are not mandatorily redeemable for cash nor do they contain a fixed maturity date. The following table sets forth the various series of redeemable preferred OP units that were outstanding as of June 30, 2023 and December 31, 2022 and the related terms, and summarizes the balance included within Temporary Equity on our Consolidated Balance Sheets (in millions, except for statistical information):

Description	OP Units Outstanding June 30, 2023	Exchange Rate ⁽¹⁾	Annual Distribution Rate ⁽²⁾	Cash Redemption ⁽³⁾	Redemption Period	Carrying Amount	
						June 30, 2023	December 31, 2022
Series D preferred OP units	488,958	0.8000	4.0 %	Holder's Option	Any time after earlier of January 31, 2024 or death of holder	\$ 47.8	\$ 48.1
Series F preferred OP units	90,000	0.6250	3.0 %	Holder's Option	Any time after earlier of May 14, 2025 or death of holder	8.7	8.7
Series G preferred OP units	222,210	0.6452	3.2 %	Holder's Option	Any time after earlier of September 30, 2025 or death of holder	22.2	24.4
Series H preferred OP units	581,327	0.6098	3.0 %	Holder's Option	Any time after earlier of October 30, 2025 or death of holder	56.3	56.7
Series J preferred OP units	238,000	0.6061	2.85 %	Holder's Option	During the 30-day period following a change of control of the Company or any time after April 21, 2026	23.2	23.6
Series K preferred OP units	1,000,000	0.5882	4.0 %	Holder's Option	Within 60 days after March 23, 2028	99.9	—
Total	2,620,495					\$ 258.1	\$ 161.5

⁽¹⁾ Exchange rates are subject to adjustment upon stock splits, recapitalizations and similar events. The exchange rates of certain series of OP units are approximated to four decimal places.

⁽²⁾ Distributions are payable on the issue price of each OP unit which is \$100.00 per unit for all these preferred OP units.

⁽³⁾ The redemption price for each preferred OP unit redeemed will be equal to its issue price plus all accrued but unpaid distributions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Redeemable Equity Interests

The following table summarizes the redeemable equity interests included in Temporary Equity on our Consolidated Balance Sheets (in millions):

Equity Interest	Description	Carrying Amount	
		June 30, 2023	December 31, 2022
FPG Sun Moreno Valley 66 LLC	In connection with the investment in land for future development in the city of Moreno Valley, California, at the property known as FPG Sun Moreno Valley 66 LLC	\$ 0.1	\$ 0.1
Solar Energy Project CA II LLC	A joint venture that operates and maintains solar energy equipment in select California communities	4.6	4.2
Solar Energy Project LLC	A joint venture that operates and maintains solar energy equipment in select California communities	2.0	1.9
Solar Energy Project III LLC	A joint venture that operates and maintains solar energy equipment in select Arizona and California communities	2.2	0.3
FPG Sun Menifee 80 LLC	In connection with the investment in land for future development in the city of Menifee in California, at the property known as FPG Sun Menifee 80 LLC	0.1	0.1
NG Sun Whitewater LLC	In connection with the investment in land at the property known as Whitewater	2.4	3.2
NG Sun LLC ⁽¹⁾	In connection with the investment in Sun NG Resorts, a joint venture that operates a portfolio of RV communities in the U.S.	28.2	31.1
NG Sun Beaver Brook LLC	In connection with the investment in Sun NG Beaver Brook LLC, a joint venture that operates one RV communities in the U.S.	0.4	0.5
Total		\$ 40.0	\$ 41.4

⁽¹⁾ *Equity Interest - NG Sun LLC* - In June 2018, in connection with the investment in Sun NG Resorts, unrelated third parties purchased \$6.5 million of Series B preferred equity interests and \$15.4 million of common equity interests in Sun NG Resorts (herein jointly referred to as "Equity Interest - NG Sun LLC"). In April and September 2020, in connection with certain acquisitions, \$3.0 million of Series B preferred equity interests were converted to common equity interests. The Series B preferred equity interests carry a preferred return at a rate that, at any time, is equal to the interest rate on Sun NG Resorts' indebtedness at such time. The current rate of return is 5.0%. The Equity Interest - NG Sun LLC does not have a fixed maturity date and portions can be redeemed in the fourth quarters of 2024, 2025 or 2026 at the holders' option.

During the fourth quarter of 2024, NG Sun LLC may offer Sun NG LLC to purchase its entire interest in Sun NG Resorts, which includes its Equity Interest - NG Sun LLC and may include certain unrelated third parties' Preferred Equity - Sun NG Resorts. If we exercise this option, the related property management agreements will be terminated, and we are required to purchase the interests of NG Sun LLC and the property management agreements at fair value. If we elect not to purchase NG Sun LLC's interest in Sun NG Resorts, we must cause a sale of Sun NG Resorts. If such sale does not close within 90 days and NG Sun LLC does not agree to extend such period, then we are obligated to purchase NG Sun LLC's interest in Sun NG Resorts. Certain properties would be excluded from this process and would instead be transferred to new limited liability companies held jointly by NG Sun LLC and us.

In December 2021, the operating agreement was amended and we paid Sun NG Resorts a contingent consideration earnout in the amount of \$38.3 million. The contingent consideration payment was recognized as an additional purchase price payment within Land improvements and buildings in the Consolidated Balance Sheets, and within Acquisition of properties, net of cash acquired in the Consolidated Statement of Cash Flows. The Equity Interest - NG Sun LLC balance was \$28.2 million and \$31.1 million as of June 30, 2023 and December 31, 2022, respectively. Refer to Note 7, "Consolidated Variable Interest Entities," and Note 8, "Debt and Line of Credit," for additional information.

Permanent Equity

Universal Shelf Registration Statement

In April 2021, we filed a new universal shelf registration statement on Form S-3 with the SEC. The shelf registration statement was deemed automatically effective and provides for the registration of unspecified amounts of equity and debt securities. At our 2023 Annual Meeting of Shareholders on May 16, 2023, our shareholders approved the Articles of Amendment to the Company's charter, which increased the authorized number of shares of capital stock to 380,000,000 shares, of which 360,000,000 shares are common stock and 20,000,000 shares are preferred stock, par value \$0.01 per share. As of June 30, 2023, we had 124,400,983 shares of common stock issued and outstanding and no shares of preferred stock were issued and outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Public Equity Offerings

In November 2021, we entered into two forward sale agreements relating to an underwritten registered public offering of 4,025,000 shares of our common stock at a public offering price of \$185.00 per share and completed the offering on November 18, 2021 (the "November 2021 Forward Sale Agreements"). We did not initially receive any proceeds from the sale of shares of our common stock by the forward purchaser or its affiliates. In April 2022, we completed the physical settlement of the 4,025,000 shares of common stock and received aggregate net proceeds of \$705.4 million. We used the net proceeds to repay borrowings outstanding under our Senior Credit Facility, and for working capital and general corporate purposes.

At the Market Offering Sales Agreement

In December 2021, we entered into an At the Market Offering Sales Agreement with certain sales agents and forward sellers pursuant to which we may sell, from time to time, up to an aggregate gross sales price of \$1.25 billion of our common stock (the "Sales Agreement"), through the sales agents, acting as our sales agents or, if applicable, as forward sellers, or directly to the sales agents as principals for their own accounts. The sales agents and forward sellers are entitled to compensation in an agreed amount not to exceed 2.0% of the gross price per share for any shares sold under the Sales Agreement. We simultaneously terminated our prior sales agreement upon entering into the Sales Agreement. Through June 30, 2023, we had entered into forward sales agreements under our Sales Agreement for an aggregate gross sales price of \$160.6 million.

During the three months ended September 30, 2022, we entered into forward sale agreements with respect to 15,000 shares of common stock under our Sales Agreement for \$2.6 million. Additionally, we settled all of our outstanding forward sale agreements with respect to 1,526,212 shares of common stock which includes 620,109; 600,503; 290,600; and 15,000 shares of common stock from the three months ended December 31, 2021, March 31, June 30 and September 30, 2022 forward sale agreements, respectively. The net proceeds of \$275.5 million from the settlement of these forward sale agreements were used to repay borrowings outstanding under our Senior Credit Facility.

During the three months ended June 30, 2022, we completed the physical settlement of 1,200,000 shares of common stock under our prior at the market offering program and received net proceeds of \$229.5 million. Additionally, we entered into forward sales agreements with respect 290,600 shares of common stock for \$50.1 million, under our Sales Agreement. These forward sale agreements were settled during the three months ended September 30, 2022.

During the three months ended March 31, 2022, we entered into forward sales agreements with respect to 600,503 shares of common stock for \$107.9 million, under our Sales Agreement. These forward sale agreements were settled during the three months ended September 30, 2022.

During the year ended December 31, 2021, we entered into forward sale agreements with respect to 1,820,109 shares of common stock under our prior at the market offering program for \$356.5 million. We completed the physical settlement of 1,200,000 and 620,109 shares of common stock during the three months ended June 30, 2022 and September 30, 2022, respectively.

Issuances of Common Stock in Connection with the Acquisition of Certain Properties

In April 2022, we issued 186,044 shares of common stock with a value of \$33.9 million in connection with the acquisition of Park Holidays.

Issuances of Common OP Units in Connection with the Acquisition of Certain Properties

Six Months Ended June 30, 2023 and 2022	Common OP Units Issued	Value at Issuance (in millions)	Related Acquisition
January 2023	31,289	\$ 4.4	Fox Run
May 2022	10,854 ⁽¹⁾	\$ 1.8	Rudgate
May 2022	5,605	\$ 1.0	Kittery Point
February 2022	14,683	\$ 2.8	Jarrett Bay Boatworks

⁽¹⁾ During the three months ended June 30, 2022, we acquired the noncontrolling equity interest held by third parties in Rudgate for a total purchase price of \$3.1 million. As consideration, we issued 10,854 common OP units and paid the remainder of the purchase price in cash. The acquisition resulted in the Company owning a 100 percent controlling interest in Rudgate. The acquisition was accounted for as an equity transaction in accordance with ASC 810, "Consolidation," with the difference between the purchase price and the acquired noncontrolling interest of \$13.2 million recorded as an increase to Additional Paid-in Capital on the Consolidated Balance Sheets. Refer to Note 7, "Consolidated Variable Interest Entities," for additional information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Noncontrolling Interests - Common and Preferred OP Units

The following table summarizes the common and preferred OP units included within Noncontrolling interests on our Consolidated Balance Sheets (in millions, except for shares and statistical information):

Description	OP Units Outstanding	Exchange Rate ⁽¹⁾	Annual Distribution Rate ⁽²⁾	Cash Redemption	Redemption Period	Carrying Amount	
	June 30, 2023					June 30, 2023	December 31, 2022
Common OP units	2,446,381	1.0000	Same distribution rate for common stock	N/A	N/A	\$ 34.4	\$ 31.5
Series A-1 preferred OP units	207,457	2.4390	6.0 %	N/A	N/A	13.6	14.0
Series A-3 preferred OP units	40,268	1.8605	4.5 %	N/A	N/A	2.7	2.7
Series C preferred OP units	305,948	1.1100	5.0 %	N/A	N/A	23.0	23.6
Series E preferred OP units	80,000	0.6897	5.5 %	N/A	N/A	6.7	6.9
Total	3,080,054					\$ 80.4	\$ 78.7

⁽¹⁾ Exchange rates are subject to adjustment upon stock splits, recapitalizations and similar events. The exchange rates of certain series of OP units are approximated to four decimal places.

⁽²⁾ Distributions are payable on the issue price of each OP unit which is \$100.00 per unit for all these preferred OP units.

Conversions

Conversions to Common Stock - Subject to certain limitations, holders can convert certain series of OP units to shares of our common stock at any time. Below is the activity of conversions during the six months ended June 30, 2023 and 2022:

Series	Conversion Rate	Six Months Ended			
		June 30, 2023		June 30, 2022	
		Units / Shares Converted	Common Stock ⁽¹⁾	Units / Shares Converted	Common Stock ⁽¹⁾
Aspen preferred OP units	Various ⁽²⁾	270,000	86,224	—	—
Common OP units	1.0000	3,612	3,612	3,960	3,960
Series A-1 preferred OP units	2.4390	91	221	2,694	6,568
Series C preferred OP units	1.1100	65	72	150	166
Series E preferred OP units	0.6897	—	—	5,000	3,448
Series G preferred OP units	0.6452	18,500	11,934	—	—
Series H preferred OP units	0.6098	40	24	—	—
Series J preferred OP units	0.6061	2,000	1,212	—	—

⁽¹⁾ Calculation may yield minor differences due to rounding incorporated in the above numbers.

⁽²⁾ Refer to Note 8, "Debt and Line of Credit," for additional detail on Aspen preferred OP unit conversions, and Note 19, "Subsequent Events," for conversion activities after the quarter end.

Distributions

Distributions declared for the three months ended June 30, 2023 were as follows:

Common Stock, Common OP units and Restricted Stock Distributions	Record Date	Payment Date	Distribution Per Share	Total Distribution (in Millions)
June 30, 2023	6/30/2023	7/17/2023	\$ 0.93	\$ 118.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

10. Share-Based Compensation

As of June 30, 2023, we had two share-based compensation plans: the Sun Communities, Inc. first amended 2015 Equity Incentive Plan (as amended, the "2015 Equity Incentive Plan") and the First Amended and Restated 2004 Non-Employee Director Option Plan (as amended, the "2004 Non-Employee Director Option Plan"). We believe granting equity awards will provide certain executives, key employees and directors additional incentives to promote our financial success and promote employee and director retention by providing an opportunity to acquire or increase the direct proprietary interest of those individuals in our operations and future. Time based awards for directors generally vest over three years. Time based awards for key employees and executives generally vest over five years. Market condition awards for executives generally vest after three years.

During the six months ended June 30, 2023 and 2022, shares were granted as follows:

Grant Period	Type	Plan	Shares Granted	Grant Date Fair Value Per Share	Vesting Type
2023	Key Employees	2015 Equity Incentive Plan	220,558	\$ 137.15 ⁽¹⁾	Time Based
2023	Executive Officers	2015 Equity Incentive Plan	62,800	\$ 144.88 ⁽¹⁾	Time Based
2023	Executive Officers	2015 Equity Incentive Plan	82,200	\$ 108.60 ⁽²⁾	Market Condition ⁽³⁾
2023	Directors	2004 Non-Employee Director Option Plan	16,000	\$ 148.12 ⁽¹⁾	Time Based
2022	Key Employees	2015 Equity Incentive Plan	194,260	\$ 180.33 ⁽¹⁾	Time Based
2022	Executive Officers	2015 Equity Incentive Plan	66,000	\$ 178.20 ⁽¹⁾	Time Based
2022	Executive Officers	2015 Equity Incentive Plan	91,500	\$ 124.88 ⁽²⁾	Market Condition ⁽³⁾
2022	Directors	2004 Non-Employee Director Option Plan	11,900	\$ 197.00 ⁽¹⁾	Time Based

⁽¹⁾ Represents the weighted average fair value per share of the closing price of our common stock on the dates the shares were awarded.

⁽²⁾ Represents the weighted average fair value per share of the Monte Carlo simulation fair value price of our market condition awards on the dates the shares were awarded.

⁽³⁾ Share-based compensation for restricted stock awards with market conditions is measured based on shares expected to vest using a Monte Carlo simulation to determine fair value.

The vesting requirements for 223,529 and 250,308 restricted shares granted to our executives, directors and employees were satisfied during the six months ended June 30, 2023 and 2022, respectively.

We capitalize a portion of share-based compensation costs for employees who work directly on construction and development of our communities. We recognized the following share-based compensation costs (in millions):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Share-based compensation - expensed ⁽¹⁾	\$ 9.9	\$ 9.2	\$ 19.5	\$ 18.9
Share-based compensation - capitalized ⁽²⁾	\$ 0.6	\$ —	\$ 1.3	\$ —

⁽¹⁾ Recorded within General and Administrative Expense on the Consolidated Income Statements.

⁽²⁾ Capitalized to Land Improvements and Buildings on the Consolidated Balance Sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)**11. Segment Reporting**

ASC Topic 280, "*Segment Reporting*," establishes standards for the way that business enterprises report information about operating segments in its financial statements. As described in Note 1, "Basis of Presentation," we analyze our operating results through the following segments: (i) Manufactured home ("MH") communities, (ii) Recreational vehicle ("RV") communities and (iii) Marina. We evaluate segment operating performance based on NOI.

The MH segment owns, operates, develops, or has an interest in, a portfolio of MH communities in the U.S. and the UK, and is in the business of acquiring, operating and developing ground-up MH communities to provide affordable housing solutions to residents. The MH segment in the U.S. also provides manufactured home sales and leasing services to tenants and prospective tenants of our communities. The MH segment in the UK provides holiday home sales and associated site license activities to holiday homeowners in our communities.

The RV segment owns, operates, develops, or has an interest in, a portfolio of RV communities and is in the business of acquiring, operating and developing ground-up RV communities in the U.S. and Canada. It also provides leasing services for vacation rentals within the RV communities.

The Marina segment owns, operates and develops marinas, and is in the business of acquiring and operating marinas in the U.S., with the majority of such marinas concentrated in coastal regions, and others located in various inland regions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

A presentation of segment financial information is summarized as follows (in millions):

	Three Months Ended							
	June 30, 2023				June 30, 2022			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Operating revenues	\$ 390.8	\$ 187.8	\$ 261.1	\$ 839.7	\$ 385.1	\$ 189.5	\$ 223.8	\$ 798.4
Operating expenses / Cost of sales	189.8	98.7	173.0	461.5	181.9	99.6	142.2	423.7
NOI	\$ 201.0	\$ 89.1	\$ 88.1	\$ 378.2	\$ 203.2	\$ 89.9	\$ 81.6	\$ 374.7
Adjustments to arrive at net income								
Interest income				14.0				7.3
Brokerage commissions and other revenues, net				9.8				8.6
General and administrative expense				(62.3)				(62.2)
Catastrophic event-related charges, net				0.1				(0.1)
Business combination expense, net				(0.2)				(15.0)
Depreciation and amortization				(164.1)				(150.1)
Asset impairments				(6.5)				(0.1)
Loss on extinguishment of debt (see Note 8)				—				(0.1)
Interest expense				(79.2)				(55.3)
Interest on mandatorily redeemable preferred OP units / equity				(0.9)				(1.1)
Gain / (loss) on remeasurement of marketable securities				5.8				(32.3)
Gain on foreign currency exchanges				2.7				9.0
Loss on dispositions of properties				(0.6)				(0.1)
Other income / (expense), net				(0.8)				0.4
Loss on remeasurement of notes receivable				(0.1)				—
Income / (loss) from nonconsolidated affiliates (see Note 6)				(0.7)				0.9
Gain on remeasurement of investment in nonconsolidated affiliates				—				0.4
Current tax expense				(5.4)				(3.9)
Deferred tax benefit				7.7				0.3
Net Income				97.5				81.3
Less: Preferred return to preferred OP units / equity interests				3.3				3.1
Less: Income attributable to noncontrolling interests				4.4				4.2
Net Income Attributable to SUI Common Shareholders				\$ 89.8				\$ 74.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Six Months Ended							
	June 30, 2023				June 30, 2022			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Operating revenues	\$ 729.0	\$ 299.7	\$ 441.3	\$ 1,470.0	\$ 654.3	\$ 306.1	\$ 371.7	\$ 1,332.1
Operating expenses / Cost of sales	351.9	165.3	294.2	811.4	289.3	166.7	239.5	695.5
Net Operating Income / Gross Profit	\$ 377.1	\$ 134.4	\$ 147.1	\$ 658.6	\$ 365.0	\$ 139.4	\$ 132.2	\$ 636.6
Adjustments to arrive at net income								
Interest income				25.4				14.1
Brokerage commissions and other revenues, net				19.3				16.6
General and administrative expense				(126.2)				(117.9)
Catastrophic event-related charges, net				(0.9)				(0.1)
Business combination expense, net				(3.0)				(15.5)
Depreciation and amortization				(319.7)				(298.0)
Asset impairments				(8.9)				(0.7)
Loss on extinguishment of debt (see Note 8)				—				(0.4)
Interest expense				(155.8)				(100.5)
Interest on mandatorily redeemable preferred OP units / equity				(1.9)				(2.1)
Loss on remeasurement of marketable securities				(14.1)				(66.8)
Gain on foreign currency exchanges				—				6.8
Gain / (loss) on dispositions of properties				(2.2)				13.3
Other expense, net				(1.8)				(0.2)
Gain / (loss) on remeasurement of notes receivable				(1.8)				0.2
Income / (loss) from nonconsolidated affiliates (see Note 6)				(0.9)				1.8
Gain / (loss) on remeasurement of investment in nonconsolidated affiliates				(4.5)				0.5
Current tax expense				(9.3)				(5.2)
Deferred tax benefit				12.3				0.3
Net Income				64.6				82.8
Less: Preferred return to preferred OP units / equity interests				5.7				6.1
Less: Income / (loss) attributable to noncontrolling interests				(0.8)				2.0
Net Income Attributable to SUI Common Shareholders				\$ 59.7				\$ 74.7

	June 30, 2023				December 31, 2022			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Identifiable Assets								
Investment property, net	\$ 6,929.7	\$ 3,864.1	\$ 3,193.7	\$ 13,987.5	\$ 7,181.7	\$ 3,744.3	\$ 3,045.0	\$ 13,971.0
Cash, cash equivalents and restricted cash	39.0	18.5	11.2	68.7	49.4	30.3	10.7	90.4
Marketable securities	69.7	40.7	—	110.4	82.4	44.9	—	127.3
Inventory of manufactured homes	208.0	28.6	—	236.6	189.1	13.6	—	202.7
Notes and other receivables, net	568.7	109.1	55.5	733.3	475.2	96.5	45.6	617.3
Goodwill	553.2	9.5	541.5	1,104.2	467.4	9.5	541.5	1,018.4
Other intangible assets, net	93.5	30.1	261.8	385.4	97.9	32.6	271.5	402.0
Other assets, net	643.9	50.8	240.6	935.3	356.1	63.0	236.0	655.1
Total Assets	\$ 9,105.7	\$ 4,151.4	\$ 4,304.3	\$ 17,561.4	\$ 8,899.2	\$ 4,034.7	\$ 4,150.3	\$ 17,084.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

12. Income Taxes

We have elected to be taxed as a real estate investment trust ("REIT") pursuant to Section 856(c) of the Internal Revenue Code of 1986, as amended ("Code"). In order for us to qualify as a REIT, at least 95% of our gross income in any year must be derived from qualifying sources. In addition, a REIT must distribute annually at least 90% of its REIT taxable income (calculated without any deduction for dividends paid and excluding capital gain) to its shareholders and meet other tests.

Qualification as a REIT involves the satisfaction of numerous requirements (on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are limited judicial or administrative interpretations and involves the determination of various factual matters and circumstances not entirely within our control. In addition, frequent changes occur in the area of REIT taxation, which requires us to continually monitor our tax status. We analyzed the various REIT tests and confirmed that we continued to qualify as a REIT during the six months ended June 30, 2023.

As a REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on the ordinary taxable income we distribute to our shareholders as dividends. If we fail to qualify as a REIT in any taxable year, our taxable income could be subject to U.S. federal income tax at regular corporate rates. Even if we qualify as a REIT, we may be subject to certain state and local income taxes, as well as U.S. federal income and excise taxes on our undistributed income. In addition, taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to federal, state and local income taxes. We are also subject to local income taxes in Canada, Puerto Rico and the UK due to certain properties located in those jurisdictions. We do not provide for withholding taxes on our undistributed earnings from our Canadian subsidiaries as they are reinvested and will continue to be reinvested indefinitely outside of the U.S. However, we are subject to Australian withholding taxes on distributions from our investment in Ingenia Communities Group. As currently structured, we are not subject to UK withholding taxes on distributions from our UK properties.

Deferred tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and the basis of such assets and liabilities as measured by tax laws. Deferred tax assets are reduced, if necessary, by a valuation allowance to the amount where realization is more likely than not assured after considering all available evidence. Our temporary differences primarily relate to net operating loss carryforwards, depreciation and basis differences between tax and GAAP. Our deferred tax assets that have a full valuation allowance relate to our taxable REIT subsidiaries. As of June 30, 2023, we had \$225.6 million of net deferred tax liabilities, comprised of deferred tax assets, net of valuation allowance of \$45.9 million, and deferred tax liabilities of \$271.5 million. Additionally, we have \$60.4 million of deferred tax liabilities that have been reclassified as real estate held for sale. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information. The deferred tax liability balance is comprised primarily of basis differences in our foreign investment in properties in the UK and Canada. As of December 31, 2022, we had \$308.6 million of net deferred tax liabilities, comprised of deferred tax assets, net of valuation allowance of \$32.2 million, and deferred tax liabilities of \$340.8 million. The net deferred tax assets and deferred tax liabilities are recorded within Other assets and Other liabilities, respectively, on our Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022.

We had no unrecognized tax benefits as of June 30, 2023 and 2022. We do not expect significant changes in tax positions that would result in unrecognized tax benefits within one year of June 30, 2023.

For the three and six months ended June 30, 2023, we recorded current tax expense for federal, state, Canadian, Puerto Rican, and UK income taxes and Australian withholding taxes totaling \$5.4 million and \$9.3 million, respectively. For the three and six months ended June 30, 2022, we recorded current tax expense for federal, state, Canadian, Puerto Rican, and UK income taxes and Australian withholding taxes totaling \$3.9 million and \$5.2 million, respectively.

For the three and six months ended June 30, 2023, we recorded a deferred tax benefit of \$7.7 million and \$12.3 million, respectively. For the three and six months ended June 30, 2022, we recorded a deferred tax benefit of \$0.3 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

13. Earnings Per Share

Earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period on a basic and diluted basis. We calculate diluted EPS using the more dilutive of the treasury stock method and the two-class method for stock option and restricted common shares, the treasury stock method for forward equity sales and the if converted method for convertible units.

From time to time, we enter into forward equity sales agreements, which are discussed in Note 9, "Equity and Temporary Equity." We considered the potential dilution resulting from the forward equity sales agreements on the EPS calculations. At inception, the agreements do not have an effect on the computation of basic EPS as no shares are delivered unless there is a physical settlement. Common shares issued upon the physical settlement of the forward equity sales agreements, weighted for the period these common shares are outstanding, are included in the denominator of basic EPS. To determine the dilution resulting from the forward equity sales agreements during the period of time prior to settlement, we calculate the number of weighted-average shares outstanding - diluted in accordance with the treasury stock method.

Our potentially dilutive securities include our potential common shares related to our forward equity offerings, our unvested restricted common shares, and our Operating Partnership outstanding common OP units, Series A-1 preferred OP units, Series A-3 preferred OP units, Series C preferred OP units, Series D preferred OP units, Series E preferred OP units, Series F preferred OP units, Series G preferred OP units, Series H preferred OP units, Series J preferred OP units, Series K preferred OP units and Aspen preferred OP Units, which, if converted or exercised, may impact dilution.

Diluted EPS considers the impact of potentially dilutive securities except when the potential common shares have an anti-dilutive effect. Our unvested restricted stock common shares contain rights to receive non-forfeitable distributions and participate equally with common stock with respect to distributions issued or declared, and thus, are participating securities, requiring the two-class method of computing EPS. In calculating the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average number of shares outstanding during the period. The two-class method determines EPS by (1) dividing the sum of distributed earnings allocated to common shareholders and undistributed earnings allocated to common shareholders by the weighted average number of shares of common stock outstanding for the period; and (2) dividing the sum of distributed earnings allocated to participating securities and undistributed earnings allocated to participating securities by the weighted average number of shares of participating securities for the period. The remaining potential dilutive common shares do not contain rights to distributions and are included in the computation of diluted EPS.

Computations of basic and diluted EPS were as follows (in millions, except for per share data):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Numerator				
Net income attributable to SUI common shareholders	\$ 89.8	\$ 74.0	\$ 59.7	\$ 74.7
Less: allocation to restricted stock awards	0.6	0.4	0.4	0.4
Basic earnings - net income attributable to common shareholders after allocation to restricted stock awards	\$ 89.2	\$ 73.6	\$ 59.3	\$ 74.3
Add: allocation to restricted stock awards	—	—	—	—
Add: allocation to common and preferred OP units dilutive effect	—	—	—	1.6
Diluted earnings - net income attributable to common shareholders after allocation to common and preferred OP units	\$ 89.2	\$ 73.6	\$ 59.3	\$ 75.9
Denominator				
Weighted average common shares outstanding	123.4	120.0	123.4	117.6
Add: common shares dilutive effect from Forward Equity Offering	—	—	—	0.2
Add: dilutive restricted stock	—	—	—	—
Add: common and preferred OP units dilutive effect	—	—	—	2.6
Diluted weighted average common shares and securities	123.4	120.0	123.4	120.4
EPS Available to Common Shareholders After Allocation				
Basic earnings per share	\$ 0.72	\$ 0.61	\$ 0.48	\$ 0.63
Diluted earnings per share	\$ 0.72	\$ 0.61	\$ 0.48	\$ 0.63

⁽¹⁾ For the three and six months ended June 30, 2023 and 2022, diluted earnings per share was calculated using the two-class method as the application of this method resulted in more diluted earnings per share during those periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

We have excluded certain convertible securities from the computation of diluted EPS because the inclusion of those securities would have been anti-dilutive for the periods presented. The following table presents the outstanding securities that were excluded from the computations of diluted EPS as of June 30, 2023 and 2022 (in thousands):

	As of	
	June 30, 2023	June 30, 2022
Common OP units	2,446	2,565 ⁽²⁾
A-1 preferred OP units	208	272
A-3 preferred OP units	40	40
Aspen preferred OP units	989	1,284
Series C preferred OP units	306	306
Series D preferred OP units	489	489
Series E preferred OP units	80	85
Series F preferred OP units	90	90
Series G preferred OP units	222	241
Series H preferred OP units	581	581
Series I preferred OP units ⁽¹⁾	N/A	922
Series J preferred OP units	238	240
Series K preferred OP units	1,000	N/A
Total Securities	6,689	7,115

⁽¹⁾ All of our outstanding Series I preferred OP units converted during the year ended December 31, 2022.

⁽²⁾ For the three months ended June 30, 2022, Common OP units were excluded from the computation of diluted earnings per share because the inclusion of those securities would have been anti-dilutive for the period. For the six months ended June 30, 2022, Common OP units were included in the computation of diluted earnings per share because they were dilutive for the period.

14. Derivative Financial Instruments

Our objective and strategy in using interest rate derivatives is to manage exposure to interest rate movements, thereby minimizing the effect of interest rate changes and the effect they could have on future cash outflows (forecasted interest payments), on a forecasted issuance of long-term debt or, on outstanding floating rate debt. We typically enter into treasury locks and interest rate swaps to accomplish this objective. We do not enter into derivative instruments for speculative purposes. We recognize derivative instruments at fair value on a recurring basis on the Consolidated Balance Sheets and classify the derivatives within Level 2 of the fair value hierarchy. We adjust our Consolidated Balance Sheets on a quarterly basis to reflect the current fair market value of the derivative instruments.

As of June 30, 2023, we held four interest rate swap contracts, which have each been designated as cash flow hedges under ASC Topic 815, "*Derivatives and Hedging*." The risk being hedged is the interest rate risk related to forecasted debt issuance transactions and the benchmark interest rate used is the SOFR. Additionally, the interest rate risk related to outstanding floating rate debt is being hedged and the benchmark interest rate used is the SONIA Rate. The unrealized gains or losses on the derivative instruments are recorded in AOCI and are reclassified to Interest expense on the Consolidated Statements of Operations during the same period in which the hedged transaction affects earnings. We estimate that \$22.3 million will be reclassified as a reduction to Interest expense over the next 12 months for all of our outstanding cash flow hedges. Cash flow from these derivative instruments is classified in the same category as the cash flow items being hedged on the Consolidated Statements of Cash Flows.

During the three months ended March 31, 2023, we entered into one interest rate swap contract to hedge variable rate borrowings of £100.0 million (equivalent to \$126.6 million as of June 30, 2023). The interest rate swap locked in a total fixed rate, inclusive of spread, of 4.808% through the maturity date of April 7, 2025. We also entered into one forward starting interest rate swap contract with an aggregate notional value of \$50.0 million to hedge interest rate risk associated with a potential future debt offering.

During the three months ended March 31, 2023, in connection with the 2033 Notes issuance, we settled two \$100.0 million 10-year treasury rate lock contracts and one \$50.0 million forward swap totaling \$250.0 million and received a net settlement payment of \$7.4 million. This lowered the effective interest rate on the 2033 Notes from 5.7% to 5.5%. As of the settlement date, the net accumulated gain included in AOCI is being reclassified into earnings as a reduction to Interest expense on a straight-line basis over the 10-year term of the hedged transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following table presents the gross fair value amounts of our derivative financial instruments and the associated notional amounts (in millions):

Derivatives designated as cash flow hedges	June 30, 2023			December 31, 2022		
	Notional	Fair Value of Assets ⁽¹⁾	Fair Value of Liabilities	Notional	Fair Value of Assets ⁽¹⁾	Fair Value of Liabilities
Interest rate derivatives	\$ 683.1	\$ 32.6	\$ —	\$ 733.6	\$ 32.0	\$ —

⁽¹⁾ Included within Other Assets, net on the Consolidated Balance Sheets.

Refer to Note 15, "Fair Value of Financial Instruments," for additional information related to the fair value methodology used for derivative financial instruments.

The following table presents the gains on derivatives in cash flow hedging relationships recognized in Other Comprehensive Income (in millions):

Derivatives designated as cash flow hedges	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest rate derivatives	\$ 19.0	\$ 9.8	\$ 10.4	\$ 35.0

The following table presents the amount of gains on derivative instruments reclassified from AOCI into earnings (in millions):

Derivatives designated as cash flow hedges	Financial Statement Classification	Three Months Ended		Six Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest rate derivatives	Interest expense	\$ 3.2	\$ 0.8	\$ 5.5	\$ 0.8

15. Fair Value of Financial Instruments

Our financial instruments consist primarily of cash, cash equivalents and restricted cash, marketable securities, notes and other receivables, derivatives assets, debt, warrants and other liabilities. We utilize fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures, pursuant to ASC 820, "*Fair Value Measurements and Disclosures*." The following methods and assumptions were used in order to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

ASC 820, "*Fair Value Measurements and Disclosures*," requires disclosure regarding determination of fair value for assets and liabilities and establishes a hierarchy under which these assets and liabilities must be grouped, based on significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumption. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted unadjusted prices for identical instruments in active markets that we have the ability to access;

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severity, etc.) in active markets or can be corroborated by observable market data; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. The unobservable inputs reflect our assumptions about the assumptions that market participants would use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Assets by Hierarchy Level

The table below sets forth our financial assets and liabilities (in millions) that required disclosure of fair value on a recurring basis as of June 30, 2023. The table presents the carrying values and fair values of our financial instruments as of June 30, 2023 and December 31, 2022, that were measured using the valuation techniques described above. The table excludes other financial instruments such as other receivables and accounts payable as the carrying values associated with these instruments approximate their fair value since their maturities are less than one year. These are classified as Level 1 in the hierarchy.

June 30, 2023					
	Carrying Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Financial Assets					
Cash, cash equivalents and restricted cash	\$ 68.7	\$ 68.7	\$ —	\$ —	\$ 68.7
Marketable securities	110.4	110.4	—	—	110.4
Installment notes receivable on manufactured homes, net	59.4	—	—	59.4	59.4
Notes receivable from real estate developers and operators	462.4	—	—	462.4	462.4
Derivative assets	32.6	—	32.6	—	32.6
Total assets measured at fair value	\$ 733.5	\$ 179.1	\$ 32.6	\$ 521.8	\$ 733.5
Financial Liabilities					
Secured debt	\$ 3,373.0	\$ —	\$ 3,373.0	\$ —	\$ 2,938.8
Unsecured debt					
Senior unsecured notes	2,176.2	—	2,176.2	—	1,879.9
Line of credit and other unsecured debt	2,064.8	—	2,064.8	—	2,064.8
Total unsecured debt	4,241.0	—	4,241.0	—	3,944.7
Other financial liabilities (contingent consideration)	20.2	—	—	20.2	20.2
Total liabilities measured at fair value	\$ 7,634.2	\$ —	\$ 7,614.0	\$ 20.2	\$ 6,903.7
December 31, 2022					
	Carrying Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Financial Assets					
Cash, cash equivalents and restricted cash	\$ 90.4	\$ 90.4	\$ —	\$ —	\$ 90.4
Marketable securities	127.3	127.3	—	—	127.3
Installment notes receivable on manufactured homes, net	65.9	—	—	65.9	65.9
Notes receivable from real estate developers and operators	305.2	—	—	305.2	305.2
Derivative assets	32.0	—	32.0	—	32.0
Total assets measured at fair value	\$ 620.8	\$ 217.7	\$ 32.0	\$ 371.1	\$ 620.8
Financial Liabilities					
Secured debt	\$ 3,217.8	\$ —	\$ 3,217.8	\$ —	\$ 2,814.1
Unsecured debt					
Senior unsecured notes	1,779.6	—	1,779.6	—	1,432.7
Line of credit and other unsecured debt	2,199.8	—	2,199.8	—	2,199.8
Total unsecured debt	3,979.4	—	3,979.4	—	3,632.5
Other financial liabilities (contingent consideration)	20.2	—	—	20.2	20.2
Total liabilities measured at fair value	\$ 7,217.4	\$ —	\$ 7,197.2	\$ 20.2	\$ 6,466.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

We utilize fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The following methods and assumptions were used in order to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash, Cash Equivalents and Restricted Cash

The carrying values of cash, cash equivalents and restricted cash approximate their fair market values due to the short-term nature of the instruments. These are classified as Level 1 in the hierarchy.

Marketable Securities

The fair value of marketable securities is measured by the quoted unadjusted share price which is readily available in active markets (Level 1). The change in the marketable securities balance was as follows (in millions):

Marketable Securities	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Beginning Balance	\$ 127.3	\$ 186.9
Change in fair value measurement	(14.1)	(53.4)
Foreign currency translation adjustment	(2.8)	(7.7)
Dividend reinvestment, net of tax	—	1.5
Ending Balance	<u>\$ 110.4</u>	<u>\$ 127.3</u>

Installment Notes Receivable on Manufactured Homes

Installment notes receivable on manufactured homes are recorded at fair value and are measured using model-derived indicative pricing using primarily unobservable inputs, inclusive of default rates, interest rates and recovery rates (Level 3). Refer to Note 4, "Notes and Other Receivables," for additional information.

Notes Receivable from Real Estate Developers and Operators

Notes receivable from real estate developers and operators are recorded at fair value and are measured using model-derived indicative pricing using primarily unobservable inputs including interest rates and counterparty performance (Level 3). The carrying values of the notes generally approximate their fair market values either due to the nature of the note and / or the note being secured primarily by underlying real estate and real estate related collateral and / or personal guarantees. Refer to Note 4, "Notes and Other Receivables," for additional information.

Derivative Assets - Interest Rate Derivatives

Interest rate derivatives are recorded at fair value and consist of treasury rate lock contracts, interest rate swaps and forward swaps. The fair value of these financial instruments are measured using observable inputs based on the 10-year Treasury note rate, the SOFR and SONIA Rates, respectively (Level 2).

Secured Debt

Secured debt consists primarily of our mortgage term loans. The fair value of mortgage term loans is based on the estimates of management and on rates currently quoted, rates currently prevailing for comparable loans and instruments of comparable maturities (Level 2). Refer to Note 8, "Debt and Line of Credit," for additional information.

Unsecured Debt

Senior unsecured notes - the fair value of senior unsecured notes is based on the estimates of management and on rates currently quoted, rates currently prevailing for comparable loans and instruments of comparable maturities (Level 2). Refer to Note 8, "Debt and Line of Credit," for additional information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Line of credit and other unsecured debt - consists primarily of our Senior Credit Facility. We have variable rates on our Senior Credit Facility. The fair value of the debt with variable rates approximates carrying value as the interest rates of these amounts approximate market rates (Level 2). The estimated fair value of our indebtedness as of June 30, 2023 approximated its gross carrying value.

Other Financial Liabilities

We estimate the fair value of contingent consideration liabilities based on valuation models using significant unobservable inputs that generally consider discounting of future cash flows using market interest rates and adjusting for non-performance risk over the remaining term of the liability (Level 3).

Nonrecurring Fair Value Measurements

In May 2023, we reached an agreement to sell an operating MH community located in Maine with 155 developed sites. We determined the fair value of the community held for sale under the market approach based on the observable market price for the proposed transaction (Level 2). Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information on the fair value of this asset held for sale.

Level 3 Reconciliation, Measurements and Transfers

We review the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers in and out of Level 3 at the beginning fair value for the reporting period in which the changes occur. Availability of secondary market activity and consistency of pricing from third-party sources impacts our ability to classify securities as Level 2 or Level 3. There were no transfers into or out of Level 3 during the six months ended June 30, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following tables summarize changes to our financial instruments carried at fair value and classified within Level 3 of the fair value hierarchy for the three and six months ended June 30, 2023 and 2022 (in millions):

Assets	Three Months Ended					
	June 30, 2023			June 30, 2022		
	Installment Notes Receivable on MH, net	Notes Receivable From Real Estate Developers and Operators	Warrants	Installment Notes Receivable on MH, net	Notes Receivable From Real Estate Developers and Operators	Warrants
Level 3 beginning balance at March 31, 2023 and 2022	\$ 62.2	\$ 435.0	\$ —	\$ 77.2	\$ 304.4	\$ 0.6
Realized gains / (losses)	(0.1) ⁽¹⁾	—	—	—	—	(1.4) ⁽²⁾
Purchases and issuances	0.1	23.1	—	0.1	17.4	0.8
Sales and settlements	(2.7)	(3.9)	—	(4.2)	(12.7)	—
Foreign currency exchange gains / (losses)	—	8.2	—	—	(16.8)	—
Other adjustments	—	—	—	—	—	—
Level 3 ending balance at June 30, 2023 and 2022	\$ 59.5	\$ 462.4	\$ —	\$ 73.1	\$ 292.3	\$ —

⁽¹⁾ Realized losses recorded within Gain / (loss) on remeasurement of notes receivable on the Consolidated Statements of Operations.

⁽²⁾ Realized losses recorded within Income / (loss) from nonconsolidated affiliates within on the Consolidated Statements of Operations.

Assets	Six Months Ended					
	June 30, 2023			June 30, 2022		
	Installment Notes Receivable on MH, net	Notes Receivable From Real Estate Developers and Operators	Warrants	Installment Notes Receivable on MH, net	Notes Receivable From Real Estate Developers and Operators	Warrants
Level 3 beginning balance at December 31, 2022 and 2021	\$ 65.9	\$ 305.2	\$ —	\$ 79.1	\$ 284.0	\$ —
Realized gains / (losses)	(1.8) ⁽¹⁾	—	(0.4) ⁽²⁾	0.2 ⁽¹⁾	—	(2.0) ⁽²⁾
Purchases and issuances	0.2	147.4	0.4	1.0	47.8	2.0
Sales and settlements	(4.8)	(6.9)	—	(7.2)	(16.8)	—
Dispositions of properties	—	—	—	—	—	—
Foreign currency exchange gains / (losses)	—	16.7	—	—	(22.7)	—
Level 3 ending balance at June 30, 2023 and 2022	\$ 59.5	\$ 462.4	\$ —	\$ 73.1	\$ 292.3	\$ —

⁽¹⁾ Realized gain / (losses) recorded within Gain / (loss) on remeasurement of notes receivable on the Consolidated Statements of Operations.

⁽²⁾ Realized losses recorded within Income / (loss) from nonconsolidated affiliates within on the Consolidated Statements of Operations.

Liabilities	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Contingent Consideration	Contingent Consideration	Contingent Consideration	Contingent Consideration
Level 3 beginning balance March 31, 2023 and 2022, December 31, 2022 and 2021	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2
Level 3 ending balance at June 30, 2023 and 2022 ⁽¹⁾	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2

⁽¹⁾ There was no activity related to the Contingent consideration liability during the three and six months ended June 30, 2023 and 2022.

Although we have determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop fair value estimates. The fair value estimates are based on information available as of June 30, 2023. As such, our estimates of fair value could differ significantly from the actual carrying value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

16. Commitments and Contingencies

Legal Proceedings

We are involved in various legal proceedings arising in the ordinary course of business. All such proceedings, taken together, are not expected to have a material adverse impact on our results of operations or financial condition.

Catastrophic Event-Related Charges - Hurricane Ian

In September 2022, Hurricane Ian made landfall on Florida's western coast. The storm primarily affected three properties in the Fort Myers area, comprising approximately 2,500 sites. These properties sustained significant flooding and wind damage from the hurricane. At other affected MH and RV properties, most of the damage was limited to trees, roofs, fences, skirting and carports. At affected marina properties, docks, buildings, and landscaping sustained wind and water damage.

We maintain property, casualty, flood and business interruption insurance for our community portfolio, subject to customary deductibles and limits. The table below sets forth estimated insurance recoveries (in millions):

	Six Months Ended June 30, 2023
Total estimated insurance receivable - December 31, 2022	\$ 54.9
Change in estimated insurance recoveries	30.0
Advances from insurer	(26.6)
Total estimated insurance receivable - June 30, 2023	\$ 58.3

The foregoing estimates are based on current information available, and we continue to assess these estimates. Actual charges and, insurance recoveries could vary significantly from these estimates. Any changes to these estimates will be recognized in the period(s) in which they are determined.

Changes in estimated insurance recoveries related to Hurricane Ian during the six months ended June 30, 2023 were primarily the result of \$34.8 million incremental costs that exceeded the applicable deductible, net of a \$4.8 million reduction due to decrease in estimated property loss.

Expected insurance recoveries for lost earnings and redevelopment costs greater than asset impairment charges for the three Fort Myers, Florida properties were not included in our Consolidated Statements of Operations for the six months ended June 30, 2023. We are actively working with our insurer on the related claims. The three Fort Myers, Florida RV communities will require redevelopment, followed by a tenant lease-up period. As such, we currently cannot estimate a date when operating results will be restored to pre-hurricane levels. Our business interruption insurance policy provides for up to 60 months of coverage from the date of restoration.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

17. Leases

Lessee Accounting

We lease land under non-cancelable operating leases at certain MH, RV and Marina properties expiring at various dates through 2100. The majority of the leases have terms requiring fixed payments plus additional rents based on a percentage of revenues at those properties. We also have other operating leases, primarily office space and equipment expiring at various dates through 2042.

Future minimum lease payments under non-cancellable leases as of June 30, 2023 where we are the lessee include (in millions):

Maturity of Lease Liabilities	Operating Leases	Finance Leases	Total
2023 (excluding six months ended June 30, 2023)	\$ 7.1	\$ 0.4	\$ 7.5
2024	14.1	4.6	18.7
2025	13.6	0.5	14.1
2026	12.0	0.5	12.5
2027	10.1	0.5	10.6
Thereafter	244.2	20.9	265.1
Total Lease Payments	\$ 301.1	\$ 27.4	\$ 328.5
Less: Imputed interest	(140.0)	(13.0)	(153.0)
Present Value of Lease Liabilities	\$ 161.1	\$ 14.4	\$ 175.5

Right-of-use ("ROU") assets and lease liabilities for finance and operating leases as included in our Consolidated Balance Sheets are as follows (in millions):

Description	Financial Statement Classification	As of	
		June 30, 2023	December 31, 2022
Lease Assets			
Finance lease, right-of-use asset, net of accumulated amortization	Investment property, net	\$ 32.8	\$ 32.2
Operating lease, right-of-use asset, net	Other assets, net	\$ 178.8	\$ 189.4
Below market operating leases, net	Other assets, net	\$ 97.3	\$ 90.9
Lease Liabilities			
Finance lease liabilities	Other liabilities	\$ 14.4	\$ 15.0
Operating lease liabilities	Other liabilities	\$ 161.1	\$ 160.3

Lease expense for finance and operating leases as included in our Consolidated Statements of Operations are as follows (in millions):

Description	Financial Statement Classification	Three Months Ended		Six Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Finance Lease Expense					
Amortization of ROU assets	Depreciation and amortization	\$ 0.6	\$ 0.9	\$ 1.3	\$ 0.9
Interest on lease liabilities	Interest expense	0.1	—	0.3	0.1
Operating lease cost	General and administrative expense, Property operating and maintenance, Depreciation and amortization		6.8		7.8
		2.3		6.9	
Variable lease cost	Property operating and maintenance	1.1	0.6	2.7	3.4
Total Lease Expense		\$ 4.1	\$ 8.3	\$ 11.2	\$ 12.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Lease term, discount rates and additional information for finance and operating leases are as follows:

	As of June 30, 2023
Lease Term and Discount Rate	
Weighted-average Remaining Lease Terms (years)	
Finance lease	35.06
Operating lease	35.00
Weighted-average Discount Rate	
Finance lease	3.38 %
Operating lease	3.81 %

	Six Months Ended	
	June 30, 2023	June 30, 2022
Other Information (in millions)		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flow from operating leases	\$ 6.6	\$ 5.5
Financing cash flow from finance leases	0.5	0.6
Total Cash Paid on Lease Liabilities	\$ 7.1	\$ 6.1

Lessor Accounting

We are not the lessor for any finance leases at our MH, RV or Marina properties as of June 30, 2023.

Nearly all of our operating leases with our residents and customers at our MH and RV properties where we are the lessor are either month-to-month or for a time period not to exceed one year. As of June 30, 2023, future minimum lease payments with our residents or customers would not exceed 12 months.

We do not have any operating leases with real estate operators on our MH properties. At our RV communities and marinas, future minimum lease payments under non-cancellable leases with real estate operators where we are the lessor include the following as of June 30, 2023 (in millions):

Maturity of Lease Payments	Operating Leases
2023 (excluding the six months ended June 30, 2023)	\$ 17.0
2024	19.6
2025	10.9
2026	6.8
2027	5.9
Thereafter	52.2
Total Undiscounted Cash Flows	\$ 112.4

The components of lease income for our operating leases, as included in our Consolidated Statement of Operations are as follows (in millions):

Description	Financial Statement Classification	Three Months Ended		Six Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Operating Leases					
Fixed lease income	Income from real property; Brokerage commissions and other revenue, net	\$ 5.3	\$ 6.9	\$ 13.2	\$ 14.0
Variable lease income ⁽¹⁾	Income from real property; Brokerage commissions and other revenue, net	\$ 0.8	\$ 0.8	\$ 2.3	\$ 1.5

⁽¹⁾ Consists of rent primarily based on a percentage of acquisition costs and net operating income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Failed Sale Leaseback

In connection with our acquisition of Park Holidays, we assumed ground lease arrangements for 34 UK properties that we concluded to be failed sale-leaseback transactions under ASC Topic 842, "Leases." The arrangements have maturities ranging from 2117 through 2197 with an option to repurchase for £1.00 at the end of the term. The obligation related to the underlying ground leases has been recorded as a financial liability in Other Liabilities on the Consolidated Balance Sheets. The financial liability was \$356.8 million and \$339.7 million as of June 30, 2023 and December 31, 2022, respectively. The following table presents the future minimum rental payments for this financial liability as of June 30, 2023 (in millions):

Maturity of Financial Liability	June 30, 2023
2023 (excluding six months ended June 30, 2023)	\$ 3.6
2024	11.7
2025	11.8
2026	11.9
2027	11.9
Thereafter	1,763.0
Total Payments	\$ 1,813.9
Less: Imputed interest	(1,457.1)
Present Value of Financial Liability	\$ 356.8

18. Recent Accounting Pronouncements

Recent Accounting Pronouncements - Adopted

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides optional guidance for accounting for contracts, hedging relationships and other transactions affected by the reference rate reform, if certain criteria are met. The provisions of this standard were available for election through December 31, 2022. In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848) - Deferral of the Sunset Date of Topic 848," which defers the sunset date for Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. As of June 30, 2023, all of our debt and derivative instruments have been converted from LIBOR to alternative reference rates. The adoption of this ASU did not have a material impact on our Consolidated Financial Statements as the majority of our debt has fixed interest rates.

19. Subsequent Events

Extension of Notes Receivable

In July 2023, the maturity date on \$358.5 million of notes receivable due in May 31, 2023 was extended to July 31, 2023. Refer to Note 4, "Notes and Other Receivables," for additional information on the notes receivable.

Conversions

Subject to certain limitations, holders can convert certain series of OP units to shares of our common stock or Common OP units at any time. In July 2023, Aspen preferred OP unitholders converted 360,980 mandatorily redeemable units, representing \$9.7 million of unsecured debt, into common shares and common OP units as follows:

Series	Conversion Rate	7/1/2023 through 7/26/2023		
		Units / Shares Converted	Common Stock ⁽¹⁾	Common OP Units
Aspen preferred OP units	Various ⁽²⁾	360,980	12,792	104,632

⁽¹⁾ Calculation may yield minor differences due to rounding incorporated in the above numbers.

⁽²⁾ Refer to Note 8, "Debt and Line of Credit," for additional detail on Aspen preferred OP unit conversions.

We have evaluated our Consolidated Financial Statements for subsequent events through the date that this Form 10-Q was issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes, along with our 2022 Annual Report.

OVERVIEW

We are a fully integrated REIT. As of June 30, 2023, we owned and operated, directly or indirectly, or had an interest in, a portfolio of 671 developed properties located in the U.S., the UK and Canada, including 354 MH communities, 182 RV communities and 135 marinas. We have been in the business of acquiring, operating, developing and expanding MH and RV communities since 1975 and marinas since 2020. We lease individual sites with utilities access for placement of manufactured homes, RVs or boats to our customers. In the U.S., we are also engaged in the marketing, selling and leasing of new and pre-owned homes to current and future residents in our MH communities. In the UK, we also provide holiday home sales and associated site license activities to holiday homeowners in our MH communities. The Rental Program operations within our MH communities support and enhance our occupancy levels, property performance and cash flows.

SIGNIFICANT ACCOUNTING POLICIES

We have identified significant accounting policies that, as a result of the judgments, uncertainties and complexities of the underlying accounting standards and operations involved could result in material changes to our financial condition or results of operations under different conditions or using different assumptions. Details regarding significant accounting policies are described fully in our Annual Report on Form 10-K for the year ended December 31, 2022.

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with GAAP in our "Results of Operations" below, we have provided information regarding net operating income ("NOI") and funds from operations ("FFO") as supplemental performance measures. We believe NOI and FFO are appropriate measures given their wide use by and relevance to investors and analysts following the real estate industry. NOI provides a measure of rental operations and does not factor in depreciation, amortization and non-property specific expenses such as general and administrative expenses. FFO, reflecting the assumption that real estate values rise or fall with market conditions, principally adjusts for the effects of GAAP depreciation / amortization of real estate assets. In addition, NOI and FFO are commonly used in various ratios, pricing multiples / yields and returns and valuation calculations used to measure financial position, performance and value.

NOI

Total Portfolio NOI - NOI is derived from property operating revenues minus property operating expenses and real estate taxes. NOI is a non-GAAP financial measure that we believe is helpful to investors as a supplemental measure of operating performance because it is an indicator of the return on property investment and provides a method of comparing property performance over time. We use NOI as a key measure when evaluating performance and growth of particular properties and / or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization, interest expense and non-property specific expenses such as general and administrative expenses, all of which are significant costs. Therefore, NOI is a measure of the operating performance of our properties rather than of the Company overall. We believe that NOI provides enhanced comparability for investor evaluation of properties' performance and growth over time.

We believe that GAAP net income (loss) is the most directly comparable measure to NOI. NOI should not be considered to be an alternative to GAAP net income (loss) as an indication of our financial performance or GAAP cash flow from operating activities as a measure of our liquidity; nor is it indicative of funds available for our cash needs, including our ability to make cash distributions. Because of the inclusion of items such as interest, depreciation and amortization, the use of GAAP net income (loss) as a performance measure is limited as these items may not accurately reflect the actual change in market value of a property, in the case of depreciation and in the case of interest, may not necessarily be linked to the operating performance of a real estate asset, as it is often incurred at a parent company level and not at a property level.

Same Property NOI - This is a management tool used when evaluating performance and growth of our Same Property portfolio. We define same properties as those we have owned and operated continuously since January 1, 2022. Same properties exclude ground-up development properties, acquired properties and properties sold after December 31, 2021. The Same Property data may change from time-to-time depending on acquisitions, dispositions, management discretion, significant transactions or unique situations. Same Property NOI does not include the revenues and expenses related to home sales, and service, retail, dining and entertainment activities at the properties. We believe that Same Property NOI is helpful to investors as a supplemental comparative performance measure of the income generated from the Same Property portfolio from one period to the next.

FFO

FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as GAAP net income (loss), excluding gains (or losses) from sales of depreciable operating property, plus real estate related depreciation and amortization, real estate related impairments, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure that management believes is a useful supplemental measure of our operating performance. By excluding gains and losses related to sales of previously depreciated operating real estate assets, real estate related to impairment and real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared period-over-period, reflects the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective not readily apparent from GAAP net income (loss). Management believes the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful.

Core FFO - In addition, we use FFO excluding certain gain and loss items that management considers unrelated to the operational and financial performance of our core business ("Core FFO").

We believe that FFO and Core FFO provide enhanced comparability for investor evaluations of period-over-period results. We believe that GAAP net income (loss) is the most directly comparable measure to FFO. The principal limitation of FFO is that it does not replace GAAP net income (loss) as a financial performance measure or GAAP cash flow from operating activities as a measure of our liquidity. Because FFO excludes significant economic components of GAAP net income (loss) including depreciation and amortization, FFO should be used as a supplement to GAAP net income (loss) and not as an alternative to it. Furthermore, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. FFO is calculated in accordance with our interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that interpret the NAREIT definition differently.

Catastrophic Event-Related Charges - Hurricane Ian

In September 2022, Hurricane Ian made landfall on Florida's western coast. The storm primarily affected three properties in the Fort Myers area, comprising approximately 2,500 sites. These properties sustained significant flooding and wind damage from the hurricane. At other affected MH and RV properties, most of the damage was limited to trees, roofs, fences, skirting and carports. At affected marina properties, docks, buildings, and landscaping sustained wind and water damage.

We maintain property, casualty, flood and business interruption insurance for our community portfolio, subject to customary deductibles and limits. As of June 30, 2023, estimated insurance recoveries of \$58.3 million related to Hurricane Ian were recorded in Notes and other receivables, net on the Consolidated Balance Sheets. During the six months ended June 30, 2023, we received insurance recoveries of \$26.6 million.

The foregoing estimates are based on current information available, and we continue to assess these estimates. Actual charges and insurance recoveries could vary significantly from these estimates. Any changes to these estimates will be recognized in the period(s) in which they are determined.

Changes in estimated insurance recoveries related to Hurricane Ian during the six months ended June 30, 2023 were primarily the result of \$34.8 million incremental costs that exceeded the applicable deductible, net of a \$4.8 million reduction due to decrease in estimated property loss.

Expected insurance recoveries for lost earnings and redevelopment costs greater than asset impairment charges for the three Fort Myers, Florida properties were not included in our Consolidated Statements of Operations for the three and six months ended June 30, 2023. We are actively working with our insurer on the related claims. The three Fort Myers, Florida RV communities will require redevelopment, followed by a tenant lease-up period. As such, we currently cannot estimate a date when operating results will be restored to pre-hurricane levels. Our business interruption insurance policy provides for up to 60 months of coverage from the date of restoration.

RESULTS OF OPERATIONS

The following tables reconcile the Net income attributable to SUI common shareholders to NOI and summarize our consolidated financial results for the three and six months ended June 30, 2023 and 2022 (in millions):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Income Attributable to SUI Common Shareholders	\$ 89.8	\$ 74.0	\$ 59.7	\$ 74.7
Interest income	(14.0)	(7.3)	(25.4)	(14.1)
Brokerage commissions and other revenues, net	(9.8)	(8.6)	(19.3)	(16.6)
General and administrative	62.3	62.2	126.2	117.9
Catastrophic event-related charges, net	(0.1)	0.1	0.9	0.1
Business combination expense	0.2	15.0	3.0	15.5
Depreciation and amortization	164.1	150.1	319.7	298.0
Asset impairments	6.5	0.1	8.9	0.7
Loss on extinguishment of debt (see Note 8)	—	0.1	—	0.4
Interest expense	79.2	55.3	155.8	100.5
Interest on mandatorily redeemable preferred OP units / equity	0.9	1.1	1.9	2.1
(Gain) / loss on remeasurement of marketable securities (see Note 15)	(5.8)	32.3	14.1	66.8
Gain on foreign currency exchanges	(2.7)	(9.0)	—	(6.8)
(Gain) / loss on disposition of properties	0.6	0.1	2.2	(13.3)
Other (income) / expense, net	0.8	(0.4)	1.8	0.2
(Gain) / loss on remeasurement of notes receivable (see Note 4)	0.1	—	1.8	(0.2)
(Income) / loss from nonconsolidated affiliates (see Note 6)	0.7	(0.9)	0.9	(1.8)
(Gain) / loss on remeasurement of investment in nonconsolidated affiliates (see Note 6)	—	(0.4)	4.5	(0.5)
Current tax expense (see Note 12)	5.4	3.9	9.3	5.2
Deferred tax benefit (see Note 12)	(7.7)	(0.3)	(12.3)	(0.3)
Preferred return to preferred OP units / equity interests	3.3	3.1	5.7	6.1
Add: Income / (loss) attributable to noncontrolling interests	4.4	4.2	(0.8)	2.0
NOI	\$ 378.2	\$ 374.7	\$ 658.6	\$ 636.6

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Real property NOI	\$ 317.6	\$ 300.0	\$ 572.3	\$ 537.6
Home sales NOI	41.4	49.8	64.5	68.6
Service, retail, dining and entertainment NOI	19.2	24.9	21.8	30.4
NOI	\$ 378.2	\$ 374.7	\$ 658.6	\$ 636.6

Seasonality of Revenue

The RV and marina industries are seasonal in nature, and the results of operations in any one period may not be indicative of results in future periods.

In the RV business, certain properties maintain higher occupancy during the summer months, while other properties maintain higher occupancy during the winter months. Based on the location of our properties with transient RV sites, our portfolio generally produces higher revenues between April and September than between October and March. As of June 30, 2023, we recognized Real property - transient revenue of \$39.8 million in the first quarter and \$89.4 million in the second quarter. Real property-transient revenue for the year ended December 31, 2022 was recognized as follows:

Year	Real property - transient revenue (in millions)	For the Three Months Ended				Total
		March 31	June 30	September 30	December 31	
2022	\$ 334.5	12.7 %	27.8 %	45.8 %	13.7 %	100.0 %

In the marina business, the majority of our wet slip and dry storage space leases have annual terms that are billed seasonally. Wet slip storage increases during the summer months for the boating season, whereas dry storage increases during the winter season as weather patterns require boat owners to store their vessels on dry docks or within covered racks. As of June 30, 2023, we recognized seasonal real property revenue of \$72.5 million in the first quarter and \$90.3 million in the second quarter. Seasonal real property revenue for the year ended December 31, 2022 was recognized as follows:

Year	Seasonal real property revenue (in millions)	For the Three Months Ended				Total
		March 31	June 30	September 30	December 31	
2022	\$ 310.2	20.1 %	25.6 %	29.0 %	25.3 %	100.0 %

Real Property Operations - Total Portfolio

The following tables reflect certain financial and other information for our real estate operations by segment as of and for the three and six months ended June 30, 2023 and 2022 (in millions, except for statistical information).

Financial Information	Three Months Ended June 30, 2023						Three Months Ended June 30, 2022					
	MH			RV	Marinas	Total	MH			RV	Marinas	Total
	North America	UK	Total				North America	UK ^(a)	Total			
Revenues												
Real property (excluding transient)	\$ 224.0	\$ 28.4	\$ 252.4	\$ 72.7	\$ 105.2	\$ 430.3	\$ 209.0	\$ 20.0	\$ 229.0	\$ 69.1	\$ 91.9	\$ 390.0
Real property - transient	0.3	13.4	13.7	75.5	6.7	95.9	0.4	12.9	13.3	79.8	5.0	98.1
Total operating revenues	224.3	41.8	266.1	148.2	111.9	526.2	209.4	32.9	242.3	148.9	96.9	488.1
Expenses												
Property operating expenses	73.0	24.4	97.4	71.7	39.5	208.6	66.6	17.5	84.1	70.1	33.9	188.1
Real Property NOI	<u>\$ 151.3</u>	<u>\$ 17.4</u>	<u>\$ 168.7</u>	<u>\$ 76.5</u>	<u>\$ 72.4</u>	<u>\$ 317.6</u>	<u>\$ 142.8</u>	<u>\$ 15.4</u>	<u>\$ 158.2</u>	<u>\$ 78.8</u>	<u>\$ 63.0</u>	<u>\$ 300.0</u>
Financial Information	Six Months Ended June 30, 2023						Six Months Ended June 30, 2022					
	MH			RV	Marinas	Total	MH			RV	Marinas	Total
	North America	UK	Total				North America	UK ^(a)	Total			
Revenues												
Real property (excluding transient)	\$ 447.4	\$ 55.9	\$ 503.3	\$ 134.5	\$ 190.5	\$ 828.3	\$ 417.3	\$ 20.0	\$ 437.3	\$ 129.8	\$ 165.7	\$ 732.8
Real property - transient	0.8	14.8	15.6	113.3	10.4	139.3	0.9	12.9	13.8	121.8	7.5	143.1
Total operating revenues	448.2	70.7	518.9	247.8	200.9	967.6	418.2	32.9	451.1	251.6	173.2	875.9
Expenses												
Property operating expenses	146.4	46.9	193.3	125.5	76.5	395.3	131.9	17.5	149.4	122.7	66.2	338.3
Real Property NOI	<u>\$ 301.8</u>	<u>\$ 23.8</u>	<u>\$ 325.6</u>	<u>\$ 122.3</u>	<u>\$ 124.4</u>	<u>\$ 572.3</u>	<u>\$ 286.3</u>	<u>\$ 15.4</u>	<u>\$ 301.7</u>	<u>\$ 128.9</u>	<u>\$ 107.0</u>	<u>\$ 537.6</u>
Other information	As of June 30, 2023						As of June 30, 2022					
	MH			RV	Marinas	Total	MH			RV	Marinas	Total
	North America	UK	Total				North America	UK ^(a)	Total			
Number of properties	299	55	354	182	135	671	296	53	349	182	130	661
Sites, wet slips and dry storage spaces												
Sites, wet slips and dry storage spaces ^(b)	100,220	17,950	118,170	31,620	48,180	197,970	99,180	17,240	116,420	31,770	45,910	194,100
Transient sites	N/M	3,350	3,350	26,920	N/A	30,270	N/M	3,310	3,310	28,680	N/A	31,990
Total	100,220	21,300	121,520	58,540	48,180	228,240	99,180	20,550	119,730	60,450	45,910	226,090
MH and Annual RV Occupancy	96.2 %	90.1 %	95.3 %	100.0 %	N/A	96.3 %	96.3 %	91.4 %	95.6 %	100.0 %	N/A	96.6 %

N/M = Not meaningful. N/A = Not applicable.

^(a) UK amounts for the three and six months ended June 30, 2022 cover April 8, 2022 (date of acquisition) to June 30, 2022.

^(b) MH annual sites included 9,721 and 9,204 rental homes in the Company's Rental Program during the three months ended June 30, 2023 and 2022, respectively. Our investment in occupied rental homes at June 30, 2023 was \$630.0 million, an increase of 17.8% from \$535.0 million at June 30, 2022.

For the three months ended June 30, 2023, the \$17.6 million, or 5.9% increase in Real Property NOI as compared to the same period in 2022, consists of \$8.2 million from Same Property MH, \$2.4 million from Same Property RV, \$6.6 million from Same Property Marina, and \$0.4 million, net from the UK operations and other recently acquired or developed properties.

For the six months ended June 30, 2023, the \$34.7 million, or 6.5% increase in Real Property NOI as compared to the same period in 2022, consists of \$15.4 million from Same Property MH, \$4.3 million from Same Property RV, \$12.8 million from Same Property Marina, and \$2.2 million, net from the UK operations and other recently acquired or developed properties.

Real Property Operations - Same Property Portfolio

Same Property refers to properties that we have owned for at least the preceding year, exclusive of properties recently completed or under construction, and other properties as determined by management. The Same Property data may change from time-to-time depending on acquisitions, dispositions, management discretion, significant transactions or unique situations. In order to evaluate the growth of the Same Property portfolio, management has classified certain items differently than our GAAP statement. The reclassification difference between our GAAP statements and our Same Property portfolio is the reclassification of utility revenues from real property revenue to operating expenses. Additionally, prior period Canadian currency figures have been translated at 2022 average exchange rates for constant currency comparability.

The following tables reflect certain financial and other information for our Same Property MH, RV and Marina portfolios as of and for the three and six months ended June 30, 2023 and 2022 (in millions, except for statistical information):

	Three Months Ended												
	June 30, 2023				June 30, 2022				Total Change	% Change ^(c)			
	MH ^(a)	RV ^(a)	Marina	Total	MH ^(a)	RV ^(a)	Marina	Total		MH	RV	Marina	Total ^(d)
Financial information													
Same Property Revenues													
Real property (excluding transient)	\$ 206.7	\$ 67.0	\$ 84.2	\$ 357.9	\$ 193.8	\$ 57.5	\$ 78.0	\$ 329.3	\$ 28.6	6.7 %	16.2 %	8.1 %	8.7 %
Real property - transient	0.3	69.9	6.1	76.3	0.2	74.5	4.8	79.5	(3.2)	46.2 %	(6.1)%	27.1 %	(4.0)%
Total Same Property operating revenues	207.0	136.9	90.3	434.2	194.0	132.0	82.8	408.8	25.4	6.7 %	3.6 %	9.2 %	6.2 %
Same Property Expenses													
Same Property operating expenses ^{(b)(d)}	56.1	62.1	27.4	145.6	51.3	59.6	26.5	137.4	8.2	9.4 %	4.1 %	3.4 %	6.0 %
Real Property NOI ^(d)	\$ 150.9	\$ 74.8	\$ 62.9	\$ 288.6	\$ 142.7	\$ 72.4	\$ 56.3	\$ 271.4	\$ 17.2	5.7 %	3.2 %	11.9 %	6.3 %
Other information	54,243	35,055											
Number of properties	289	161	119	569	289	161	119	569					
Sites, wet slips and dry storage spaces	98,700	54,610	41,050	194,360	97,750	54,310	40,650	192,710					

	Six Months Ended													
	June 30, 2023				June 30, 2022				Total Change	% Change ^(c)				
	MH ^(a)	RV ^(a)	Marina	Total	MH ^(a)	RV ^(a)	Marina	Total		MH	RV	Marina	Total ^(d)	
Financial information														
Same Property Revenues														
Real property (excluding transient)	\$ 410.6	\$ 124.3	\$ 153.6	\$ 688.5	\$ 385.2	\$ 107.3	\$ 141.2	\$ 633.7	\$ 54.8	6.6 %	15.9 %	8.7 %	8.6 %	
Real property - transient	0.6	106.0	9.6	116.2	0.7	112.7	7.2	120.6	(4.4)	(9.5)%	(6.0)%	33.7 %	(3.7)%	
Total Same Property operating revenues	411.2	230.3	163.2	804.7	385.9	220.0	220.0	148.4	754.3	50.4	6.5 %	4.7 %	9.9 %	6.7 %
Same Property Expenses														
Same Property operating expenses ^(b)	110.0	109.1	54.4	273.5	100.1	103.1	52.4	255.6	17.9	9.9 %	5.8 %	3.8 %	7.0 %	
Real Property NOI ^(d)	\$ 301.2	\$ 121.2	\$ 108.8	\$ 531.2	\$ 285.8	\$ 116.9	\$ 96.0	\$ 498.7	\$ 32.5	5.4 %	3.7 %	13.2 %	6.5 %	
Other information														
	54,243	35,055												
Number of properties	289	161	119	569	289	161	119	569						
Sites, wet slips and dry storage spaces	98,700	54,610	41,050	194,360	97,750	54,310	40,650	192,710						

Real Property Operations - Same Property Portfolio (Continued)

^(a) Same property results for our MH and RV properties reflect constant currency for comparative purposes. Canadian currency figures in the prior comparative period have been translated at the average exchange rate during the three and six months ended June 30, 2023 of \$0.7445 and \$0.7420 USD per Canadian dollar, respectively.

^(b) We net certain utilities revenues (which include utility reimbursement revenues from residents) against related utility expenses in property operating expenses as follows (in millions):

	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022			
	MH	RV	Marina	Total	MH	RV	Marina	Total
Utility revenue netted against related utility expense	\$ 15.7	\$ 4.8	\$ 5.9	\$ 26.4	\$ 15.0	\$ 4.6	\$ 4.7	\$ 24.3

	Six Months Ended June 30, 2023				Six Months Ended June 30, 2022			
	MH	RV	Marina	Total	MH	RV	Marina	Total
Utility revenue netted against related utility expense	\$ 33.9	\$ 9.0	\$ 10.9	\$ 53.8	\$ 31.1	\$ 8.5	\$ 8.9	\$ 48.5

^(c) Percentages are calculated based on unrounded numbers.

^(d) Total Same Property operating expenses consist of the following components for the periods shown (in millions), and exclude amounts invested into recently acquired properties to bring them up to the Company's standards.

	Three Months Ended				Six Months Ended			
	June 30, 2023	June 30, 2022	Change	% Change	June 30, 2023	June 30, 2022	Change	% Change
Payroll and benefits	\$ 49.0	\$ 48.2	\$ 0.8	1.7 %	\$ 91.4	\$ 87.9	\$ 3.5	4.0 %
Real estate taxes	27.2	26.6	0.6	2.1 %	54.9	51.9	3.0	5.8 %
Supplies and repairs	20.9	19.5	1.4	7.2 %	35.1	34.0	1.1	3.1 %
Utilities	16.1	15.5	0.6	3.5 %	30.5	30.5	—	0.1 %
Legal, state / local taxes, and insurance	13.8	9.3	4.5	49.2 %	28.0	18.9	9.1	48.6 %
Other	18.6	18.3	0.3	1.8 %	33.6	32.4	1.2	3.6 %
Total Same Property Operating Expenses	\$ 145.6	\$ 137.4	\$ 8.2	6.0 %	\$ 273.5	\$ 255.6	\$ 17.9	7.0 %

Same Property Summary (in whole units)

	As of			
	June 30, 2023		June 30, 2022	
	MH	RV	MH	RV
Other information				
Number of properties	289	161	289	161
Sites				
MH and Annual RV sites	98,700	31,340	97,750	29,240
Transient RV sites	N/M	23,270	N/M	25,070
Total	98,700	54,610	97,750	54,310
MH and Annual RV Occupancy				
Occupancy ^(a)	96.9 %	100.0 %	96.9 %	100.0 %
Monthly base rent per site	\$ 654	\$ 577	\$ 618	\$ 531
% change in monthly base rent ^(b)	5.7 %	8.6 %	N/A	N/A
Rental Program Statistics included in MH:				
Number of occupied sites, end of period ^(c)	9,640	N/A	9,200	N/A
Monthly rent per site - MH Rental Program	\$ 1,261	N/A	\$ 1,162	N/A
% change ^(c)	8.5 %	N/A	N/A	N/A

N/M = Not meaningful. N/A = Not applicable.

^(a) Same Property adjusted blended occupancy for MH and RV combined increased to 98.7% at June 30, 2023, from 97.0% at June 30, 2022. The 170 basis point increase was driven by MH expansion fills and the conversion of transient RV sites to annual sites.

^(b) Calculated using actual results without rounding.

^(c) Occupied rental program sites in Same Property are included in total sites.

For the three months ended June 30, 2023 and 2022:

- The MH segment increase in NOI of \$8.2 million, or 5.7%, when compared to the same period in 2022 is primarily due to an increase in Real property (excluding transient) revenue of \$12.9 million, or 6.7%, partially offset by an increase in property operating expenses. Real property (excluding transient) revenue increased primarily due to a 5.7% increase in monthly base rent.
- The RV segment increase in NOI of \$2.4 million, or 3.2%, when compared to the same period in 2022 is primarily due to an increase in Real property (excluding transient) revenue of \$9.5 million, or 16.2%, partially offset by a decrease in Real property-transient revenue of \$4.6 million, or 6.1%, and an increase in property operating expenses of \$2.5 million, or 4.1%. The increase in Real property - (excluding transient) revenue was primarily due to an 8.6% increase in monthly base rent and conversions of transient RV sites to annual RV sites.
- The Marina segment increase in NOI of \$6.6 million, or 11.9%, when compared to the same period in 2022 is primarily due to the \$6.2 million, or 8.1%, increase in Real property (excluding transient) revenue.

For the six months ended June 30, 2023 and 2022:

- The MH segment increase in NOI of \$15.4 million, or 5.4%, when compared to the same period in 2022 is primarily due to an increase in Real property (excluding transient) revenue of \$25.4 million, or 6.6%, partially offset by an increase in property operating expenses. Real property (excluding transient) revenue increased primarily due to a 5.7% increase in monthly base rent.
- The RV segment increase in NOI of \$4.3 million, or 3.7%, when compared to the same period in 2022 is primarily due to an increase in Real property (excluding transient) revenue of \$17.0 million, or 15.9%, partially offset by a decrease in Real property-transient revenue of \$6.7 million, or 6.0%; an increase in property operating expenses by \$6.0 million, or 5.8%. The increase in Real property - (excluding transient) revenue was primarily due to an 8.6% increase in monthly base rent and conversions of transient RV sites to annual RV sites.
- The Marina segment increase in NOI of \$12.8 million, or 13.2% when compared to the same period in 2022 is primarily due to a \$12.4 million, or 8.7% increase in Real property (excluding transient) revenue.

Home Sales Summary

We sell new and pre-owned homes to current and prospective residents and customers in our communities. This inventory is purchased from manufacturers, lenders, dealers, former residents or customers.

The following table reflects certain financial and statistical information for our Home Sales Program for the three and six months ended June 30, 2023 and 2022 (in millions, except for average selling price and statistical information):

	Three Months Ended				Six Months Ended			
	June 30, 2023	June 30, 2022	Change	% Change	June 30, 2023	June 30, 2022	Change	% Change
North America								
Home sales	\$ 62.3	\$ 82.1	\$ (19.8)	(24.1)%	\$ 109.5	\$ 146.8	\$ (37.3)	(25.4)%
Home cost and selling expenses	45.6	58.5	(12.9)	(22.1)%	82.2	104.4	(22.2)	(21.3)%
NOI	\$ 16.7	\$ 23.6	\$ (6.9)	(29.2)%	\$ 27.3	\$ 42.4	\$ (15.1)	(35.6)%
NOI margin %	26.8 %	28.7 %	(1.9)%		24.9 %	28.9 %	(4.0)%	
UK^(a)								
Home sales	\$ 60.3	\$ 60.6	\$ (0.3)	(0.5)%	\$ 99.4	\$ 60.6	\$ 38.8	64.0 %
Home cost and selling expenses	35.6	34.4	1.2	3.5 %	62.2	34.4	27.8	80.8 %
NOI	\$ 24.7	\$ 26.2	\$ (1.5)	(5.7)%	\$ 37.2	\$ 26.2	\$ 11.0	42.0 %
NOI margin %	41.0 %	43.2 %	(2.2)%		37.4 %	43.2%	(5.8)%	
Total								
Home sales	\$ 122.6	\$ 142.7	\$ (20.1)	(14.1)%	\$ 208.9	\$ 207.4	\$ 1.5	0.7 %
Home cost and selling expenses	81.2	92.9	(11.7)	(12.6)%	144.4	138.8	5.6	4.0 %
NOI	\$ 41.4	\$ 49.8	\$ (8.4)	(16.9)%	\$ 64.5	\$ 68.6	\$ (4.1)	(6.0)%
NOI margin %	33.8 %	34.9 %	(1.1)%		30.9 %	33.1 %	(2.2)%	
Units Sold:*								
North America	684	977	(293)	(30.0)%	1,273	1,814	(541)	(29.8)%
UK ^(a)	837	753	84	11.2 %	1,426	753	673	89.4 %
Total home sales	1,521	1,730	(209)	(12.1)%	2,699	2,567	132	5.1 %
Average Selling Price:*								
North America	\$ 91,082	\$ 84,033	\$ 7,049	8.4 %	\$ 86,017	\$ 80,926	\$ 5,091	6.3 %
UK ^(a)	\$ 72,043	\$ 80,478	\$ (8,435)	(10.5)%	\$ 69,705	\$ 80,478	\$ (10,773)	(13.4)%

^(a) UK amounts for the three and six months ended June 30, 2022 cover the period from April 8, 2022 (date of acquisition) through June 30, 2022.

NOI - North America

For the three months ended June 30, 2023, the 29.2% decrease in NOI is primarily driven by a 30.0% decrease in total home sales volume as compared to the same period in 2022.

For the six months ended June 30, 2023, the 35.6% decrease in NOI is primarily driven by a 29.8% decrease in total home sales volume and a 5.1% decrease in pre-owned home sales gross margin as compared to the same period in 2022.

NOI - UK

For the three months ended June 30, 2023, the 5.7% decrease in NOI is primarily driven by a 10.5% decrease in average selling price, partially offset by an increase in home sales volume, as compared to the same period in 2022.

For the six months ended June 30, 2023, the 42.0% increase in NOI is primarily driven by a full period of activity related to our properties in the UK during the current period as compared to a shorter period of activity from April 8, 2022 through June 30, 2022 due to the acquisition of Park Holidays on April 8, 2022.

Other Items - Statements of Operations⁽¹⁾

The following table summarizes other income and expenses for the three and six months ended June 30, 2023 and 2022 (in millions):

	Three Months Ended				Six Months Ended			
	June 30, 2023	June 30, 2022	Change	% Change	June 30, 2023	June 30, 2022	Change	% Change
Service, retail, dining and entertainment, net	\$ 19.2	\$ 24.9	\$ (5.7)	(22.9)%	\$ 21.8	\$ 30.4	\$ (8.6)	(28.3)%
Interest income	\$ 14.0	\$ 7.3	\$ 6.7	91.8 %	\$ 25.4	\$ 14.1	\$ 11.3	80.1 %
Brokerage commissions and other, net	\$ 9.8	\$ 8.6	\$ 1.2	14.0 %	\$ 19.3	\$ 16.6	\$ 2.7	16.3 %
General and administrative expense	\$ 62.3	\$ 62.2	\$ 0.1	0.2 %	\$ 126.2	\$ 117.9	\$ 8.3	7.0 %
Catastrophic event-related charges, net	\$ (0.1)	\$ 0.1	\$ (0.2)	N/M	\$ 0.9	\$ 0.1	\$ 0.8	N/M
Business combinations	\$ 0.2	\$ 15.0	\$ (14.8)	(98.7)%	\$ 3.0	\$ 15.5	\$ (12.5)	(80.6)%
Depreciation and amortization	\$ 164.1	\$ 150.1	\$ 14.0	9.3 %	\$ 319.7	\$ 298.0	\$ 21.7	7.3 %
Asset impairments	\$ 6.5	\$ 0.1	\$ 6.4	N/M	\$ 8.9	\$ 0.7	\$ 8.2	N/M
Loss on extinguishment of debt (see Note 8)	\$ —	\$ 0.1	\$ (0.1)	(100.0)%	\$ —	\$ 0.4	\$ (0.4)	(100.0)%
Interest expense	\$ 79.2	\$ 55.3	\$ 23.9	43.2 %	\$ 155.8	\$ 100.5	\$ 55.3	55.0 %
Interest on mandatorily redeemable preferred OP units / equity	\$ 0.9	\$ 1.1	\$ (0.2)	(18.2)%	\$ 1.9	\$ 2.1	\$ (0.2)	(9.5)%
Gain / (loss) on remeasurement of marketable securities (see Note 15)	\$ 5.8	\$ (32.3)	\$ 38.1	N/M	\$ (14.1)	\$ (66.8)	\$ 52.7	(78.9)%
Gain on foreign currency exchanges	\$ 2.7	\$ 9.0	\$ (6.3)	(70.0)%	\$ —	\$ 6.8	\$ (6.8)	(100.0)%
Gain / (loss) on dispositions of properties	\$ (0.6)	\$ (0.1)	\$ (0.5)	N/M	\$ (2.2)	\$ 13.3	\$ (15.5)	N/M
Other income / (expense), net	\$ (0.8)	\$ 0.4	\$ (1.2)	N/M	\$ (1.8)	\$ (0.2)	\$ (1.6)	N/M
Gain / (loss) on remeasurement of notes receivable (see Note 4)	\$ (0.1)	\$ —	\$ (0.1)	N/A	\$ (1.8)	\$ 0.2	\$ (2.0)	N/M
Income / (loss) from nonconsolidated affiliates (see Note 6)	\$ (0.7)	\$ 0.9	\$ (1.6)	N/M	\$ (0.9)	\$ 1.8	\$ (2.7)	N/M
Gain / (loss) on remeasurement of investment in nonconsolidated affiliates (see Note 6)	\$ —	\$ 0.4	\$ (0.4)	(100.0)%	\$ (4.5)	\$ 0.5	\$ (5.0)	N/M
Current tax expense (see Note 12)	\$ (5.4)	\$ (3.9)	\$ (1.5)	38.5 %	\$ (9.3)	\$ (5.2)	\$ (4.1)	78.8 %
Deferred tax benefit (see Note 12)	\$ 7.7	\$ 0.3	\$ 7.4	N/M	\$ 12.3	\$ 0.3	\$ 12.0	N/M
Preferred return to preferred OP units / equity interests	\$ 3.3	\$ 3.1	\$ 0.2	6.5 %	\$ 5.7	\$ 6.1	\$ (0.4)	(6.6)%
Income / (loss) attributable to noncontrolling interests	\$ 4.4	\$ 4.2	\$ 0.2	4.8 %	\$ (0.8)	\$ 2.0	\$ (2.8)	N/M

⁽¹⁾ Only items determined by management to be material, of interest, or unique to the periods disclosed above are explained below.

N/M = Percentage change is not meaningful.

N/A = Percentage change is not applicable.

Service, retail, dining and entertainment, net - for the three and six months ended June 30, 2023, decreased due to increased costs related to retail, dining and entertainment activities at our UK operations and increased costs of providing services at our Marina properties.

Interest income - for the three and six months ended June 30, 2023, increased primarily due to a higher interest rate charged and a larger loan balance provided to a real estate operator to fund investing and financing activities in the current period as compared to the same period in 2022.

Business combinations - for the three and six months ended June 30, 2023, decreased primarily as a result of the decrease in acquisition activity during 2023 as compared to the same period in 2022. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional information.

Asset impairments - for the three and six months ended June 30, 2023, were primarily due to impairment of a held for sale property with a selling price below carrying value. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional information.

Interest expense - for the three and six months ended June 30, 2023, increased due to the higher debt balance and increased interest rates as compared to the same period in 2022. Refer to Note 8, "Debt and Line of Credit," of our accompanying Consolidated Financial Statements for additional information.

Gain / (loss) on remeasurement of marketable securities - for the three and six months ended June 30, 2023 was a gain of \$5.8 million and loss of \$14.1 million, as compared to a loss of \$32.3 million and \$66.8 million during the same periods in 2022 due to the fluctuation in the price of our publicly traded marketable securities. Refer to Note 15, "Fair Value of Financial Instruments," in our accompanying Consolidated Financial Statements for additional information.

Gain on foreign currency exchanges - for the three months ended June 30, 2023, was a gain of \$2.7 million, primarily due to the fluctuation of exchange rates on our foreign currencies. For the three and six months ended June 30, 2023 and 2022, was a gain of \$9.0 million and \$6.8 million, respectively, primarily due to the U.S. dollar strengthening against the Pound sterling.

Gain / (loss) on dispositions of properties - for the six months ended June 30, 2023, decreased due to the loss on sale of two properties as compared to a gain on the sale of three properties during the same period in 2022. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional information.

Gain / (loss) on remeasurement of investment in nonconsolidated affiliates - for the six months ended June 30, 2023, was a loss of \$4.5 million as compared to a gain of \$0.5 million during the same period in 2022 due to the fluctuation of the fair value of our nonconsolidated affiliates. Refer to Note 6, "Investments in Nonconsolidated Affiliates," and Note 15, "Fair Value of Financial Instruments," in our accompanying Consolidated Financial Statements for additional information.

Current tax expense - for the six months ended June 30, 2023, increased primarily due to income tax expense on a full period of activity related to our properties in the UK during the current period as compared to activity from April 8, 2022, acquisition of Park Holidays during the same period in 2022. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional information.

Deferred tax benefit - for the three and six months ended June 30, 2023, was \$7.7 million and \$12.3 million resulting from activity related to our acquisition of Park Holidays in the UK. Refer to Note 12, "Income Taxes," in our accompanying Consolidated Financial Statements for additional information.

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO SUI COMMON SHAREHOLDERS TO FFO

The following table reconciles Net income attributable to SUI common shareholders to FFO for the three and six months ended June 30, 2023 and 2022 (in millions, except for per share amounts):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Income Attributable to SUI Common Shareholders	\$ 89.8	\$ 74.0	\$ 59.7	\$ 74.7
Adjustments				
Depreciation and amortization	163.4	149.4	318.3	297.1
Depreciation on nonconsolidated affiliates	0.1	0.1	0.1	0.1
Asset impairments	6.5	0.1	8.9	0.7
(Gain) / loss on remeasurement of marketable securities	(5.8)	32.3	14.1	66.8
(Gain) / loss on remeasurement of investment in nonconsolidated affiliates	—	(0.4)	4.5	(0.5)
(Gain) / loss on remeasurement of notes receivable	0.1	—	1.8	(0.2)
(Gain) / loss on dispositions of properties, including tax effect	0.8	0.1	4.3	(13.3)
Add: Returns on preferred OP units	1.5	3.4	5.2	6.7
Add: Income / (loss) attributable to noncontrolling interests	3.3	4.2	(1.1)	2.0
Gain on dispositions of assets, net	(10.6)	(17.2)	(18.5)	(32.3)
FFO Attributable to SUI Common Shareholders and Dilutive Convertible Securities⁽¹⁾	\$ 249.1	\$ 246.0	\$ 397.3	\$ 401.8
Adjustments				
Business combination expense and other acquisition related costs ⁽²⁾	4.9	17.8	11.4	20.9
Loss on extinguishment of debt	—	0.1	—	0.4
Catastrophic event-related charges, net	(0.1)	0.2	0.9	0.2
Loss of earnings - catastrophic event-related charges, net ⁽³⁾	5.5	—	11.0	—
Gain on foreign currency exchanges	(2.7)	(9.0)	—	(6.8)
Other adjustments, net ⁽⁴⁾	(7.1)	(0.5)	(10.7)	1.4
Core FFO Attributable to SUI Common Shareholders and Dilutive Convertible Securities⁽¹⁾	\$ 249.6	\$ 254.6	\$ 409.9	\$ 417.9
Weighted Average Common Shares Outstanding - Diluted	127.4	126.0	128.6	123.9
FFO Attributable to SUI Common Shareholders and Dilutive Convertible Securities Per Share	\$ 1.95	\$ 1.95	\$ 3.09	\$ 3.24
Core FFO Attributable to SUI Common Shareholders and Dilutive Convertible Securities Per Share	\$ 1.96	\$ 2.02	\$ 3.19	\$ 3.37

⁽¹⁾ Excludes the effect of certain anti-dilutive convertible securities.

⁽²⁾ These costs represent (i) nonrecurring integration expenses associated with acquisitions during the three and six months ended June 30, 2023, and 2022, (ii) costs associated with potential acquisitions that will not close, (iii) costs associated with the termination of the bridge loan commitment during the three months ended March 31, 2022 related to the acquisition of Park Holidays and (iv) business combination expenses incurred to bring recently acquired properties up to the Company's operating standards, including items such as tree trimming and painting costs that do not meet the Company's capitalization policy.

⁽³⁾ Adjustment related to estimated loss of earnings in excess of the applicable business interruption deductible in relation to our three Florida Keys communities that were impaired by Hurricane Irma and our three Fort Myers Florida RV communities that were impaired by Hurricane Ian, which had not yet been received from our insurer.

⁽⁴⁾ Other adjustments, net relates primarily to deferred tax benefits and long term lease termination (benefit)/expense during three and six months ended June 30, 2023 and 2022.

LIQUIDITY AND CAPITAL RESOURCES

Short-term Liquidity

Our principal short-term liquidity demands historically have been, and are expected to continue to be, distributions to our shareholders and the unit holders of the Operating Partnership, property acquisitions, development and expansion of our properties, capital improvement of our properties, the purchase of new and pre-owned homes, and debt repayment. We intend to meet our short-term liquidity requirements through available cash balances, cash flows generated from operations, draws on our Senior Credit Facility, and the use of debt and equity offerings under our shelf registration statement. Refer to Note 8, "Debt and Line of Credit," and Note 9, "Equity and Temporary Equity," in our accompanying Consolidated Financial Statements for additional information.

We also intend to continue to strengthen our capital and liquidity positions by focusing on our core fundamentals, which are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We take a disciplined approach to selecting the optimal mix of financing sources to meet our liquidity demands and minimize our overall cost of capital. Our investment grade credit ratings of BBB and Baa3 from S&P Global and Moody's, respectively, remain unchanged from the initial rating. We plan to continue to capitalize on our unsecured bond market access to optimize our cost of capital and increase our financial flexibility.

Current market and economic conditions, including relating to, among other things, interest rates, currency fluctuations, equity valuations and inflation, may adversely affect our ability to obtain debt and equity capital in the short term on attractive terms.

Acquisition, development and expansion activities

Subject to market conditions, we intend to continue to identify opportunities to expand our development pipeline and acquire existing properties. We finance acquisitions through available cash, secured financing, draws on our Senior Credit Facility, the assumption of existing debt on properties and the issuance of debt and equity securities. The current higher interest rate environment may make it more expensive to finance acquisitions and fund developments and expansion. We will continue to evaluate acquisition and development opportunities that meet our underwriting criteria.

During the six months ended June 30, 2023, we acquired one MH community totaling 68 sites and 72 development sites, and one marina totaling 24 wet slips and dry storage spaces, for a total purchase price of approximately \$107.0 million.

We have been focused on property ground-up development and expansion opportunities adjacent to our existing properties. During the six months ended June 30, 2023, we acquired three land parcels located in the U.S. and the UK for the potential development of nearly 1,250 sites, expanded our existing communities by nearly 250 sites and delivered over 200 sites at three ground-up development properties.

We continue to expand our properties utilizing our inventory of owned and entitled land. We have nearly 15,720 MH and RV sites suitable for future development.

Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional detail on acquisitions completed to date.

Capital Expenditures (excluding Acquisition cost)

Our capital expenditures include lot modifications, growth projects, rebranding, acquisition-related capital expenditures, expansion and development construction costs, rental home purchases and recurring capital expenditures.

Our capital expenditure activity is summarized as follows (in millions):

	Six Months Ended	
	June 30, 2023	June 30, 2022
Recurring Capital Expenditures	\$ 40.0	\$ 33.4
Non-Recurring Capital Expenditure and Related Activities		
Lot Modifications	25.4	14.4
Growth Projects	52.7	49.5
Rebranding	3.4	10.7
Capital improvements to recent acquisitions	135.1	123.1
Expansion and Development	166.6	122.7
Rental Program	143.1	59.0
Other	(1.6)	(6.4)
Total Non-Recurring Capital Expenditure and Related Activities	524.7	373.0
Total Capital Expenditure and Related Activities	\$ 564.7	\$ 406.4

Recurring capital expenditures

Property recurring capital expenditures are necessary to maintain asset quality, including purchasing and replacing assets used to operate the communities and marinas. Recurring capital expenditures at our MH and RV properties include items such as: major road, driveway and pool improvements; clubhouse renovations; adding or replacing streetlights; playground equipment; signage; maintenance facilities; manager housing and property vehicles. Recurring capital expenditures at our marinas include items such as: dredging, dock repairs and improvements, and equipment maintenance and upgrades. The minimum capitalized amount is five hundred dollars.

Non-Recurring Capital Expenditures and Related Activities

Lot modifications - lot modification capital expenditures are incurred to modify the foundational structures required to set a new home after a previous home has been removed. These expenditures are necessary to create a revenue stream from a new site renter and often improve the quality of the community. Other lot modification expenditures include land improvements added to annual RV sites to aid in the conversion of transient RV guests to annual contracts.

Growth projects - growth projects consist of revenue generating or expense reducing activities at MH, RV and marina properties. These include, but are not limited to, utility efficiency and renewable energy projects, site, slip or amenity upgrades such as the addition of a garage, shed or boat lift, and other special capital projects that substantiate an incremental rental increase.

Rebranding - rebranding includes new signage at our RV communities and costs of building an RV mobile application and updated website.

Acquisitions - Total acquisition investments represent the purchase price paid for operating properties and land parcels for future ground-up development and expansions activities, plus any capital improvements identified during due diligence needed to bring acquired properties up to the Company's operating standards.

Capital improvements subsequent to acquisition often require 24 to 36 months to complete after closing and include upgrading clubhouses; landscaping; new street light systems; new mail delivery systems; pool renovations including larger decks, heaters and furniture; new maintenance facilities; lot modifications; and new signage including main signs and internal road signs.

Expansion and development expenditures - consist primarily of construction costs such as roads, activities, and amenities, and costs necessary to complete home and RV site improvements, such as driveways, sidewalks and landscaping at our MH and RV communities. Expenditures also include costs to rebuild after damage has been incurred at MH, RV or marina properties, and research and development.

Rental program - consists of investment in the acquisition of homes intended for the Rental Program and the purchase of vacation rental homes at our RV communities. Expenditures for these investments depend upon the condition of the markets for repossessions and new home sales, rental homes and vacation rental homes.

Cash Flow Activities

Our cash flow activities are summarized as follows (in millions):

	Six Months Ended	
	June 30, 2023	June 30, 2022
Net Cash Provided by Operating Activities	\$ 449.9	\$ 532.0
Net Cash Used for Investing Activities	\$ (581.8)	\$ (2,475.8)
Net Cash Provided by Financing Activities	\$ 109.4	\$ 2,056.9
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	\$ 0.8	\$ (6.6)

Cash, cash equivalents and restricted cash decreased by \$21.7 million from \$90.4 million as of December 31, 2022, to \$68.7 million as of June 30, 2023.

Operating activities - Net cash provided by operating activities decreased by \$82.1 million to \$449.9 million for the six months ended June 30, 2023, compared to \$532.0 million for the six months ended June 30, 2022. The decrease in operating cash flow was primarily due to an increase in interest expense during the six months ended June 30, 2023 as compared to the corresponding period in 2022 due to the changing macroeconomic environment, partially offset by improved Same Property operating performance at our MH and RV communities and marinas.

Our net cash flows provided by operating activities from continuing operations may be adversely impacted by, among other things:

- the market and economic conditions in our current markets generally, and specifically in the metropolitan areas of our current markets;
- lower occupancy and rental rates of our properties;
- substantial increases in insurance premiums;
- increases in other operating costs, such as wage and benefit costs, real estate taxes and utilities;
- decreased sales of manufactured homes;
- current volatility in economic conditions and the financial markets; and
- the effects of outbreaks of disease and related restrictions on business operations. See "Risk Factors" in Part I, Item 1A of our 2022 Annual Report.

Investing activities - Net cash used for investing activities decreased by \$1.9 billion to \$581.8 million for the six months ended June 30, 2023, compared to \$2.5 billion for the six months ended June 30, 2022. The decrease in Net cash used for investing activities was primarily driven by a decrease in cash deployed to acquire properties during the six months ended June 30, 2023 as compared to the corresponding period in 2022. Refer to the Consolidated Statements of Cash Flows for detail on the net cash used for investing activities during the six months ended June 30, 2023 and 2022. Refer to Note 3, "Real Estate Acquisitions and Dispositions," and Note 4, "Notes and Other Receivables," in our accompanying Consolidated Financial Statements for additional information on acquisitions and issuance of notes and other receivables.

Financing activities - Net cash provided by financing activities decreased by \$1.9 billion to \$109.4 million for the six months ended June 30, 2023, compared to \$2.1 billion for the six months ended June 30, 2022. The decrease in Net cash provided by financing activities was primarily driven by a decrease in borrowings on our Senior Credit Facility, net of repayments, and a decrease in issuance of common stock, OP units and preferred OP units, net, during the six months ended June 30, 2023 as compared to the corresponding period in 2022. Refer to the Consolidated Statements of Cash Flows for detail on the net cash provided by financing activities during the six months ended June 30, 2023 and 2022. Refer to Note 8, "Debt and Line of Credit," and Note 9, "Equity and Temporary Equity," in our accompanying Consolidated Financial Statements for additional information.

We are exposed to interest rate variability associated with our outstanding floating rate debt and any maturing debt that has to be refinanced. Interest rate movements impact our borrowing costs and, while as of June 30, 2023, over 82% of our total debt was fixed rate financing, including the impact of hedge activity, increases in interest costs are likely to adversely affect our financial results.

Equity and Debt Activity

Public Equity Offerings

In November 2021, we entered into the November 2021 Forward Sale Agreements in connection with an underwritten registered public offering of 4,025,000 shares of our common stock at a public offering price of \$185.00 per share. In April 2022, we completed the physical settlement of the 4,025,000 shares of common stock and received aggregate net proceeds of \$705.4 million. We used the net proceeds to repay borrowings outstanding under our Senior Credit Facility, and for working capital and general corporate purposes.

At the Market Offering Sales Agreement

In December 2021, we entered into an At the Market Offering Sales Agreement (the "Sales Agreement"), with certain sales agents and forward sellers pursuant to which we may sell, from time to time, up to an aggregate gross sales price of \$1.25 billion of our common stock through the sales agents, acting as our sales agents or, if applicable, as forward sellers, or directly to the sales agents as principals for their own accounts. We simultaneously terminated our prior sales agreement upon entering into the Sales Agreement. Through June 30, 2023, we had entered into forward sales agreements under our Sales Agreement for an aggregate gross sales price of \$160.6 million.

During the three months ended September 30, 2022, we entered into forward sale agreements with respect to 15,000 shares of common stock under our Sales Agreement for \$2.6 million. Additionally, we settled all of our outstanding forward sale agreements with respect to 1,526,212 shares of common stock which includes 620,109; 600,503; 290,600; and 15,000 shares of common stock from the three months ended December 31, 2021, March 31, June 30 and September 30, 2022 forward sale agreements, respectively. The net proceeds of \$275.5 million from the settlement of these forward sale agreements were used to repay borrowings outstanding under our Senior Credit Facility.

During the three months ended June 30, 2022, we completed the physical settlement of 1,200,000 shares of common stock under our prior at the market offering program and received net proceeds of \$229.5 million. Additionally, we entered into forward sales agreements with respect 290,600 shares of common stock for \$50.1 million, under our Sales Agreement. These forward sale agreements were settled during the three months ended September 30, 2022.

During the three months ended March 31, 2022, we entered into forward sales agreements with respect to 600,503 shares of common stock for \$107.9 million, under our Sales Agreement. These forward sale agreements were settled during the three months ended September 30, 2022.

During the year ended December 31, 2021, we entered into forward sale agreements with respect to 1,820,109 shares of common stock under our prior at the market offering program for \$356.5 million. We completed the physical settlement of 1,200,000 and 620,109 shares of common stock during the three months ended June 30, 2022 and September 30, 2022, respectively.

Secured Debt

During the six months ended June 30, 2023, we entered into mortgage term loans totaling \$184.1 million related to 27 properties which mature from February 13, 2026 to April 1, 2033, and have a weighted average fixed interest rate of 5.39%. We used the net proceeds to repay borrowings outstanding under our Senior Credit Facility.

During the year ended December 31, 2022, we entered into a new \$20.6 million construction loan, which was undrawn as of June 30, 2023 and a \$3.4 million mortgage term loan that are jointly secured by one property. Both loans mature on August 10, 2047 and have a fixed interest rate of 3.65%. Additionally, we entered into a mortgage term loan of \$226.0 million related to 18 existing encumbered properties which mature between June 15, 2026, and December 15, 2029, and have a fixed interest rate of 4.5%.

During the three months ended September 30, 2022, we repaid \$318.0 million of term loans collateralized by 35 properties. These loans had a weighted average interest rate of 4.81% and were set to mature from December 6, 2022 through September 6, 2024.

Senior Unsecured Notes

The following table sets forth certain information regarding our outstanding senior unsecured notes (in millions). All senior unsecured notes include interest payments on a semi-annual basis in arrears.

	Principal Amount	Carrying Amount	
		June 30, 2023	December 31, 2022
5.7% notes, issued in January 2023 and due in January 2033 ⁽¹⁾	\$ 400.0	\$ 395.5	N/A
4.2% notes, issued in April 2022 and due in April 2032	600.0	592.2	591.8
2.3% notes, issued in October 2021 and due in November 2028	450.0	446.5	446.2
2.7% notes, issued in June 2021 and October 2021, and due in July 2031	750.0	742.0	741.6
Total	\$ 2,200.0	\$ 2,176.2	\$ 1,779.6

⁽¹⁾ In January 2023, the Operating Partnership issued \$400.0 million of senior unsecured notes with an interest rate of 5.7% and a 10-year term, due January 15, 2033 (the "2033 Notes"). Interest on the notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2023. The net proceeds from the offering were \$395.3 million, after deducting underwriters' discounts and estimated offering expenses. We used the net proceeds from the offering to repay borrowings outstanding under our Senior Credit Facility.

The obligations of the Operating Partnership to pay principal, premiums, if any, and interest on our senior unsecured notes are guaranteed on a senior basis by Sun Communities, Inc. The guarantee is full and unconditional, and the Operating Partnership is a consolidated subsidiary of the Company. Under Rule 3-10 of Regulation S-X, as amended, subsidiary issuers of obligations guaranteed by its parent company are not required to provide separate financial statements, provided that the subsidiary obligor is consolidated into the parent company's consolidated financial statements, the parent guarantee is "full and unconditional" and, subject to certain exceptions, the alternative disclosure required by Rule 13-01 is provided, which includes narrative disclosure and summarized financial information. Accordingly, separate consolidated financial statements of the Operating Partnership have not been presented. Furthermore, as permitted under Rule 13-01(a)(4)(vi), we have excluded the summarized financial information for the Operating Partnership as the assets, liabilities and results of operations of the Operating Partnership are not materially different from the corresponding amounts presented in our consolidated financial statements and management believes such summarized financial information would be repetitive and not provide incremental value to investors.

Line of Credit

In April 2022, the Operating Partnership as borrower, SUI as guarantor, and certain lenders entered into the Credit Facility Amendment, which amended our Senior Credit Facility.

The Credit Facility Amendment increased the aggregate amount of our Senior Credit Facility to \$4.2 billion with the ability to upsize the total borrowings by an additional \$800.0 million, subject to certain conditions. The increased aggregate amount under the Senior Credit Facility consists of the following: (a) a revolving loan in an amount up to \$3.05 billion and (b) a term loan facility of \$1.15 billion, with the ability to draw funds from the combined facilities in U.S. dollars, Pound sterling, Euros, Canadian dollars and Australian dollars, subject to certain limitations. The Credit Facility Amendment extended the maturity date of the revolving loan facility to April 7, 2026. At our option that maturity date may be extended two additional six-month periods. In addition, the Credit Facility Amendment established the maturity date of the term loan facility under the Credit Facility Amendment as April 7, 2025, which may not be further extended.

Prior to the Credit Facility Amendment, the Senior Credit Facility permitted aggregate borrowings of up to \$2.0 billion, with an accordion feature that allowed for additional commitments of up to \$1.0 billion, subject to the satisfaction of certain conditions. Prior to the amendment, \$500.0 million of available borrowings under the Senior Credit Facility were scheduled to mature on October 11, 2024, with the remainder scheduled to mature on June 14, 2025.

The Senior Credit Facility bears interest at a floating rate based on the Adjusted Term SOFR, the Adjusted Eurocurrency Rate, the Daily RFR, the Australian BBSY, the Daily SONIA Rate or the Canadian Dollar Offered Rate, as applicable, plus a margin, in all cases, which can range from 0.725% to 1.6%, subject to certain adjustments. As of June 30, 2023, the margins based on our credit ratings were 0.85% on the revolving loan facility and 0.95% on the term loan facility. During the six months ended June 30, 2023 and year ended December 31, 2022, we achieved sustainability related requirements resulting in a favorable 0.04% and 0.01% adjustments, respectively, to both margins.

At the lenders' option, the Senior Credit Facility will become immediately due and payable upon an event of default under the Credit Facility Amendment. We had \$884.8 million and \$1.1 billion of borrowings outstanding under the revolving loan as of June 30, 2023 and December 31, 2022, respectively. We also had \$1.1 billion of borrowings outstanding under the term loan on the Senior Credit Facility as of June 30, 2023 and December 31, 2022, respectively. These balances are recorded in Unsecured debt on the Consolidated Balance Sheets.

The Senior Credit Facility provides us with the ability to issue letters of credit. Our issuance of letters of credit does not increase our borrowings outstanding under the Senior Credit Facility, but does reduce the borrowing amount available. We had \$16.7 million and \$2.6 million of outstanding letters of credit at June 30, 2023 and December 31, 2022, respectively.

Financial Covenants

Pursuant to the terms of the Senior Credit Facility, we are subject to various financial and other covenants. The most restrictive financial covenants for the Senior Credit Facility are as follows:

Covenant	Requirement	As of June 30, 2023
Maximum leverage ratio	<65.0%	34.4%
Minimum fixed charge coverage ratio	>1.40	3.44
Maximum secured leverage ratio	<40.0%	12.8%

In addition, we are required to maintain the following covenants with respect to the senior unsecured notes payable:

Covenant	Requirement	As of June 30, 2023
Total debt to total assets	≤60.0%	41.0%
Secured debt to total assets	≤40.0%	18.1%
Consolidated income available for debt service to debt service	≥1.50	4.12
Unencumbered total asset value to total unsecured debt	≥150.0%	337.2%

As of June 30, 2023, we were in compliance with the above covenants and do not anticipate that we will be unable to meet these covenants in the near term.

Bridge Loan Termination

In March 2022, we terminated our commitment letter with Citigroup, pursuant to which, Citigroup (on behalf of its affiliates), previously committed to lend us up to £950.0 million in Pound sterling, or approximately \$1.2 billion converted at the March 31, 2022 exchange rate (the "Bridge Loan"). As of the date of termination, we did not have any borrowings outstanding under the Bridge Loan.

Derivative Transactions

Our objective and strategy in using interest rate derivatives is to manage exposure to interest rate movements, thereby minimizing the effect of interest rate changes and the effect they could have on future cash outflows (forecasted interest payments) on a forecasted issuance of long-term debt or on outstanding floating rate debt. We do not enter into derivative instruments for speculative purposes.

During the three months ended March 31, 2023, we entered into one interest rate swap contract to hedge variable rate borrowings of £100.0 million (equivalent to \$126.6 million as of June 30, 2023). The interest rate swap locked in a total fixed rate, inclusive of spread, of 4.81% through the maturity date of April 7, 2025. We also entered into one forward starting interest rate swap contract with an aggregate notional value of \$50.0 million to hedge interest rate risk associated with a potential future debt offering.

During the three months ended March 31, 2023, in connection with the 2033 Notes issuance, we settled two \$100.0 million 10-year treasury rate lock contracts and one \$50.0 million forward swap totaling \$250.0 million and received a net settlement payment of \$7.4 million. This lowered the effective interest rate on the 2033 Notes from 5.7% to 5.5%. As of the settlement date, the net accumulated gain included in AOCI is being reclassified into earnings as a reduction to Interest expense on a straight-line basis over the 10-year term of the hedged transaction.

Long-term Financing and Capital Requirements

Long-term Financing

We anticipate meeting our long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, expansion and development of properties, other nonrecurring capital improvements and Operating Partnership unit redemptions through the long-term unsecured and secured indebtedness and the issuance of certain debt or equity securities subject to market conditions. If current market and economic conditions, including relating to, among other things, interest rates, currency fluctuations, equity valuations and inflation, continue or worsen, our ability to obtain debt and equity capital in the long term on attractive terms may be adversely affected.

As of June 30, 2023 we had unrestricted cash on hand of \$49.0 million, \$2.1 billion of remaining capacity on the Senior Credit Facility, and a total of 517 unencumbered MH, RV and marina properties.

From time to time, we may also issue shares of our capital stock, issue equity units in our Operating Partnership, issue unsecured notes, obtain other debt financing or sell selected assets. Our ability to finance our long-term liquidity requirements in such a manner will be affected by numerous economic factors affecting the MH, RV and marina industries at the time, including the availability and cost of mortgage debt, our financial condition, the operating history of the properties, the state of the debt and equity markets, and the general national, regional and local economic conditions. When it becomes necessary for us to approach the credit markets, the volatility in those markets could make borrowing more difficult to secure, more expensive or effectively unavailable. In the event our current credit ratings are downgraded, it may become difficult or more expensive to obtain additional financing or refinance existing unsecured indebtedness as maturities become due. See "Risk Factors" in Part I, Item 1A of our 2022 Annual Report. If we are unable to obtain additional debt or equity financing on acceptable terms, our business, results of operations and financial condition would be adversely impacted.

As of June 30, 2023, our net debt to enterprise value was 30.9% (assuming conversion of all common OP units, Series A-1 preferred OP units, Series A-3 preferred OP units, Series C preferred OP units, Series D preferred OP units, Series E preferred OP units, Series F preferred OP units, Series G preferred OP units, Series H preferred OP units, Series J preferred OP units and Series K preferred OP units to shares of common stock). Our debt has a weighted average interest rate of 4.02% and a weighted average years to maturity of 7.1.

Capital Requirements

Certain of our nonconsolidated affiliates, which are accounted for under the equity-method of accounting, have incurred indebtedness. We have not guaranteed the debt of our nonconsolidated affiliates in the arrangements referenced below, nor do we have any obligations to fund this debt should the nonconsolidated affiliates be unable to do so. Refer to Note 6, "Investments in Nonconsolidated Affiliates," in the accompanying Consolidated Financial Statements for additional information about these entities.

GTSC - During September 2019, GTSC entered into a warehouse line of credit with a maximum loan amount of \$125.0 million. The line of credit was subsequently amended, with the maximum amount increased to \$325.0 million as of December 31, 2022, with an option to increase to \$375.0 million subject to the lender's consent. As of June 30, 2023 and December 31, 2022, the aggregate carrying amount of debt, including both our and our partner's share, incurred by GTSC was \$293.1 million (of which our proportionate share is \$117.2 million), and \$275.0 million (of which our proportionate share is \$110.0 million), respectively. The debt bears interest at a variable rate based on a Commercial Paper or adjusted SOFR plus a margin ranging from 1.65% to 2.5% per annum and matures on December 15, 2026.

Sungenia JV - During May 2020, Sungenia JV, entered into a debt facility agreement with a maximum loan amount of \$27.0 million Australian dollars, or \$17.9 million converted at the June 30, 2023 exchange rate. During July 2022, the maximum amount was increased to \$50.0 million Australian dollars, or \$33.2 million converted at the June 30, 2023 exchange rate. As of June 30, 2023 and December 31, 2022, the aggregate carrying amount of the debt, including both our and our partners' share, incurred by Sungenia JV was \$23.2 million (of which our proportionate share is approximately \$11.6 million), and \$7.9 million (of which our proportionate share is \$4.0 million), respectively. The debt bears interest at a variable rate based on the BBSY rate plus a margin ranging from 1.35% to 1.4%, subject to adjustment for additional future commitments, per annum and matures on June 30, 2027.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains various "forward-looking statements" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this document that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as "forecasts," "intends," "intend," "intended," "goal," "estimate," "estimates," "expects," "expect," "expected," "project," "projected," "projections," "plans," "predicts," "potential," "seeks," "anticipates," "anticipated," "should," "could," "may," "will," "designed to," "foreseeable future," "believe," "believes," "scheduled," "guidance," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this document, some of which are beyond our control. These risks and uncertainties and other factors may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks disclosed under "Risk Factors" in our 2022 Annual Report, and in our other filings with the SEC, from time to time, such risks, uncertainties and other factors include, but are not limited to:

- Outbreaks of disease and related restrictions on business operations;
- Changes in general economic conditions, including inflation, deflation and energy costs, the real estate industry and the markets within which we operate;
- Difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;
- Our liquidity and refinancing demands;
- Our ability to obtain or refinance maturing debt;
- Our ability to maintain compliance with covenants contained in our debt facilities and our unsecured notes;
- Availability of capital;
- Changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian dollar, Australian dollar and Pound sterling;
- Our ability to maintain rental rates and occupancy levels;
- Our ability to maintain effective internal control over financial reporting and disclosure controls and procedures;
- Increases in interest rates and operating costs, including insurance premiums and real estate taxes;
- Risks related to natural disasters such as hurricanes, earthquakes, floods, droughts and wildfires;
- General volatility of the capital markets and the market price of shares of our capital stock;
- Our ability to maintain our status as a REIT;
- Changes in real estate and zoning laws and regulations;
- Legislative or regulatory changes, including changes to laws governing the taxation of REITs;
- Litigation, judgments or settlements;
- Competitive market forces;
- The ability of purchasers of manufactured homes and boats to obtain financing; and
- The level of repossessions by manufactured home and boat lenders.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference into this document, whether as a result of new information, future events, changes in our expectations or otherwise, except as required by law.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in market factors such as interest rates, foreign currency exchange rates, commodity prices and equity prices.

Interest Rate Risk

Our principal market risk exposure is interest rate risk. We mitigate this risk by maintaining prudent amounts of leverage, minimizing capital costs and interest expense while continuously evaluating all available debt and equity resources and following established risk management policies and procedures, which include the periodic use of derivatives. Our primary strategy in entering into derivative contracts is to minimize the variability that interest rate changes could have on our future cash flows. From time to time, we employ derivative instruments that effectively convert a portion of our variable rate debt to fixed rate debt. We do not enter into derivative instruments for speculative purposes.

Our variable rate debt totaled \$1.4 billion and \$1.7 billion as of June 30, 2023 and 2022, respectively, after adjusting for the impact of hedging in place through the use of interest rate swaps. As of June 30, 2023 and 2022, our variable debt bore interest at the Adjusted Term SOFR, the Adjusted Eurocurrency Rate, the Daily RFR, the Australian BBSY rate, the Daily SONIA Rate or the Canadian Dollar Offered Rate, and the Eurodollar rate or Prime rate plus a margin. If the above rate increased or decreased by 1.0%, our interest expense would have increased or decreased by \$6.9 million and \$6.8 million for the six months ended June 30, 2023 and 2022, respectively, based on the \$1.4 billion average balance outstanding under our variable rate debt facilities for the six months ended June 30, 2023 and 2022, respectively. Our variable rate debt, interest expense and average balance outstanding under our variable rate debt facility includes the impact of hedge activity.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that fluctuations in currencies against the U.S. dollar will negatively impact our results of operations. We are exposed to foreign currency exchange rate risk as a result of remeasurement and translation of the assets and liabilities of our properties in the UK and Canada, and our equity investment and joint venture in Australia, into U.S. dollars. Fluctuations in foreign currency exchange rates can therefore create volatility in our results of operations and may adversely affect our financial condition.

At June 30, 2023 and December 31, 2022, our shareholder's equity included \$900.4 million and \$1.2 billion from our investments and operations in the UK, Canada and Australia which collectively represented 11.6% and 14.9% of total shareholder's equity, respectively. Based on our sensitivity analysis, a 10.0% strengthening of the U.S. dollar against the Pound sterling, Canadian dollar and Australian dollar would have caused a reduction of \$90.0 million and \$117.9 million to our total shareholder's equity at June 30, 2023 and December 31, 2022, respectively.

Capital Market Risk

We are exposed to risks related to the equity capital markets, and our related ability to raise capital through the issuance of our common stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through borrowings under other financing arrangements. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore requires us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing and terms of capital we raise.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (pursuant to Rules 13a-15(e) or 15d-15(e) of the Exchange Act) at June 30, 2023. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2023.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legal Proceedings Arising in the Ordinary Course of Business

Refer to "Legal Proceedings" in Part 1 - Item 1 - Note 16, "Commitments and Contingencies," in our accompanying Consolidated Financial Statements.

Environmental Matters

Item 103 of Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that we reasonably believe will exceed an applied threshold not to exceed \$1.0 million. Applying this threshold, there are no environmental matters to disclose for the three months ended June 30, 2023.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part 1, Item 1A., "Risk Factors," in our 2022 Annual Report, which could materially affect our business, financial condition or future results. There have been no material changes to the disclosure on these matters as set forth in such report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Holders of our OP units have converted the following units during the three months ended June 30, 2023:

Series	Conversion Rate	Three Months Ended	
		June 30, 2023	
		Units / Shares Converted	Common Stock ⁽¹⁾
Common OP units	1.0000	702	702
Series A-1 preferred OP units	2.4390	91	221
Series G preferred OP units	0.6452	17,500	11,289
Series H preferred OP units	0.6098	15	9
Series J preferred OP units	0.6061	1,000	606

⁽¹⁾ Calculation may yield minor differences due to rounding incorporated in the above numbers.

All of the securities described above were issued in private placements in reliance on Section 4(a)(2) of the Securities Act, including Regulation D promulgated thereunder. No underwriters were used in connection with any of such issuances.

Purchases of Equity Securities

The following table summarizes our common stock repurchases during the three months ended June 30, 2023:

Period	Total number of shares purchased (a)	Average price paid per share (b)	Total number of shares purchased as part of publicly announced plans or programs (c)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (d)
April 1, 2023 - April 30, 2023	7,628	\$ 139.32	—	\$ —
May 1, 2023 - May 31, 2023	372	\$ 128.88	—	\$ —
Total	8,000	\$ 138.83	—	\$ —

During the three months ended June 30, 2023, we withheld 8,000 shares from employees to satisfy estimated statutory income tax obligations related to vesting of restricted stock awards. The value of the common stock withheld was based on the closing price of our common stock on the applicable vesting date.

ITEM 6. EXHIBITS

Exhibit No.	Description	Method of Filing
3.1	Sun Communities, Inc. Articles of Restatement	Incorporated by reference to Exhibit 3.1 to Sun Communities, Inc.'s Annual Report on Form 10-K filed on February 22, 2018
3.2	Fourth Amended and Restated Bylaws	Incorporated by reference to Exhibit 3.1 to Sun Communities, Inc.'s Current Report on Form 8-K filed on February 21, 2023
3.3	Sun Communities, Inc. Articles of Amendment effective May 18, 2023	Incorporated by reference to Exhibit 3.1 to Sun Communities, Inc.'s Current Report on Form 8-K filed on May 19, 2023
22.1	List of issuers of guaranteed securities	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
101.INS	XBRL Instance Document	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)	Filed herewith

* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K because such schedules and exhibits do not contain information which is material to an investment decision, or which is not otherwise disclosed in the filed agreements. The Company will furnish the omitted schedules and exhibits to the SEC upon request by the SEC.

SIGNATURES

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

Dated: July 27, 2023

By: /s/ Fernando Castro-Caratini
Executive Vice President, Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and Principal Accounting Officer)

List of Issuers of Guaranteed Securities

As of July 27, 2023, the debt instruments indicated below are fully and unconditionally guaranteed by Sun Communities, Inc.

Debt Instrument	Issuer	Jurisdiction of Organization
2.3% Senior Notes due 2028	Sun Communities Operating Limited Partnership	Michigan
2.7% Senior Notes due 2031	Sun Communities Operating Limited Partnership	Michigan
4.2% Senior Notes due 2032	Sun Communities Operating Limited Partnership	Michigan
5.7% Senior Notes due 2033	Sun Communities Operating Limited Partnership	Michigan

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Gary A. Shiffman, certify that:

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

Dated: July 27, 2023

/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

CERTIFICATIONS

(As Adopted Under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Fernando Castro-Caratini, certify that:

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

Dated: July 27, 2023

/s/ Fernando Castro-Caratini

Fernando Castro-Caratini, Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(Adopted Under Section 906 of the Sarbanes-Oxley Act of 2002)

The undersigned officers, Gary A. Shiffman and Fernando Castro-Caratini, hereby certify that to the best of their knowledge: (a) this Quarterly Report on Form 10-Q of Sun Communities, Inc., for the period ended June 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (b) the information contained in this Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature/s/ Gary A. Shiffman

Gary A. Shiffman, Chief Executive Officer

Date

July 27, 2023

/s/ Fernando Castro-Caratini

Fernando Castro-Caratini, Chief Financial Officer

July 27, 2023

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