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 September 30, 2021.

or

☐ TRANSITION 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	**1-12616**	**38-2730780**
(State of Incorporation)	Commission file number	(I.R.S. Employer Identification No.)

27777 Franklin Rd, Suite 200, Southfield, Michigan	**48034**
(Address of Principal Executive Offices)	(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 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
☒	☐	☐	☐	☐

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 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 October 19, 2021: 115,970,843

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PART I

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	(Unaudited) September 30, 2021	December 31, 2020
Assets		
Land	$ 2,457,236	$ 2,119,364
Land improvements and buildings	9,469,247	8,480,597
Rental homes and improvements	591,367	637,603
Furniture, fixtures and equipment	590,829	447,039
Investment property	13,108,679	11,684,603
Accumulated depreciation	(2,232,243)	(1,968,812)
Investment property, net (including $567,026 and $453,236 for consolidated VIEs at September 30, 2021 and December 31, 2020; see Note 7)	10,876,436	9,715,791
Cash, cash equivalents and restricted cash	85,619	92,641
Marketable securities (see Note 14)	160,321	124,726
Inventory of manufactured homes	43,708	46,643
Notes and other receivables, net	256,924	221,650
Goodwill	461,609	428,833
Other intangible assets, net	297,625	305,611
Other assets, net (including $28,670 and $25,072 for consolidated VIEs at September 30, 2021 and December 31, 2020; see Note 7)	401,054	270,691
Total Assets	$ 12,583,296	$ 11,206,586
Liabilities		
Secured debt (see Note 8) (including $49,054 and $47,706 for consolidated VIEs at September 30, 2021 and December 31, 2020; see Note 7)	$ 3,403,436	$ 3,489,983
Unsecured debt (see Note 8) (including $35,249 and $35,249 for consolidated VIE at September 30, 2021 and December 31, 2020; see Note 7)	1,286,001	1,267,093
Distributions payable	98,453	86,988
Advanced reservation deposits and rent	223,471	187,730
Accrued expenses and accounts payable	232,590	148,435
Other liabilities (including $22,908 and $22,221 for consolidated VIEs at September 30, 2021 and December 31, 2020; see Note 7)	244,518	134,650
Total Liabilities	5,488,469	5,314,879
Commitments and contingencies (see Note 15)		
Temporary equity (see Note 9) (including $37,064 and $32,719 for consolidated VIEs at September 30, 2021 and December 31, 2020; see Note 7)	292,394	264,379
Stockholders' Equity		
Common stock, $0.01 par value. Authorized: 180,000 shares; Issued and outstanding: 115,959 September 30, 2021 and 107,626 December 31, 2020	1,160	1,076
Additional paid-in capital	8,170,322	7,087,658
Accumulated other comprehensive income	1,752	3,178
Distributions in excess of accumulated earnings	(1,475,634)	(1,566,636)
Total Sun Communities, Inc. stockholders' equity	6,697,600	5,525,276
Noncontrolling interests		
Common and preferred OP units	85,756	85,968
Consolidated entities (including $18,527 and $16,084 for consolidated VIEs at September 30, 2021 and December 31, 2020; see Note 7)	19,077	16,084
Total noncontrolling interests	104,833	102,052
Total Stockholders' Equity	6,802,433	5,627,328
Total Liabilities, Temporary Equity and Stockholders' Equity	$ 12,583,296	$ 11,206,586

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues				
Real property	$ 478,625	$ 320,488	$ 1,215,143	$ 829,964
Home sales	81,099	47,662	215,146	126,779
Service, retail, dining and entertainment	113,039	23,859	270,103	36,662
Interest	2,690	2,624	8,040	7,609
Brokerage commissions and other, net	8,841	5,881	21,740	13,068
Total Revenues	684,294	400,514	1,730,172	1,014,082
Expenses				
Property operating and maintenance	158,095	98,775	391,609	239,413
Real estate tax	24,751	17,442	70,361	52,341
Home costs and selling	56,567	39,899	156,920	105,989
Service, retail, dining and entertainment	87,106	17,615	211,122	31,539
General and administrative	43,276	26,834	126,606	78,710
Catastrophic event-related charges, net	328	14	3,097	54
Business combination	—	—	1,031	—
Depreciation and amortization	127,091	88,499	378,068	259,453
Loss on extinguishment of debt (see Note 8)	—	—	8,108	5,209
Interest	39,026	30,214	116,224	94,058
Interest on mandatorily redeemable preferred OP units / equity	1,047	1,047	3,124	3,130
Total Expenses	537,287	320,339	1,466,270	869,896
Income Before Other Items	147,007	80,175	263,902	144,186
Gain / (loss) on remeasurement of marketable securities (see Note 14)	12,072	1,492	43,227	(2,636)
Gain / (loss) on foreign currency translation	(7,028)	5,023	(7,107)	(2,496)
Gain on dispositions of properties	108,104	5,595	108,104	5,595
Other expense, net	(9,372)	(3,511)	(10,041)	(4,890)
Gain / (loss) on remeasurement of notes receivable (see Note 4)	92	(445)	561	(2,311)
Income from nonconsolidated affiliates (see Note 6)	962	1,204	2,927	1,348
Loss on remeasurement of investment in nonconsolidated affiliates	(119)	(446)	(130)	(1,505)
Current tax benefit / (expense) (see Note 12)	(402)	107	(1,418)	(462)
Deferred tax benefit / (expense) (see Note 12)	(1,155)	562	(1,074)	804
Net Income	250,161	89,756	398,951	137,633
Less: Preferred return to preferred OP units / equity interests	3,101	1,645	9,000	4,799
Less: Income attributable to noncontrolling interests	15,290	6,907	22,629	8,806
Net Income Attributable to Sun Communities, Inc. Common Stockholders	$ 231,770	$ 81,204	$ 367,322	$ 124,028
Weighted average common shares outstanding - basic	115,136	97,542	111,717	95,270
Weighted average common shares outstanding - diluted	118,072	97,549	114,291	95,273
Basic earnings per share (see Note 13)	$ 2.00	$ 0.83	$ 3.27	$ 1.29
Diluted earnings per share (see Note 13)	$ 2.00	$ 0.83	$ 3.27	$ 1.29

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net Income	$ 250,161	$ 89,756	$ 398,951	$ 137,633
Foreign currency translation gain / (loss) adjustment	(3,606)	2,146	(1,491)	(1,282)
Total Comprehensive Income	246,555	91,902	397,460	136,351
Less: Comprehensive income attributable to noncontrolling interests	(15,129)	(6,804)	(22,564)	(8,419)
Comprehensive Income attributable to Sun Communities, Inc.	$ 231,426	$ 85,098	$ 374,896	$ 127,932

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF EQUITY
(In thousands) (Unaudited)

		Stockholders' Equity						
	Temporary Equity	Common Stock	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income	Non-controlling Interests	Total Stockholders' Equity	Total Equity
Balance at December 31, 2020	$ 264,379	$ 1,076	$ 7,087,658	$ (1,566,636)	$ 3,178	$ 102,052	$ 5,627,328	$ 5,891,707
Issuance of common stock and common OP units, net	—	42	522,222	—	—	—	522,264	522,264
Conversion of OP units	—	—	1,150	—	—	(1,150)	—	—
Other redeemable non-controlling interests	52	—	—	(52)	—	—	(52)	—
Share-based compensation - amortization and forfeitures	—	—	7,118	62	—	—	7,180	7,180
Foreign currency translation	—	—	—	—	855	40	895	895
Net income / (loss)	(1,568)	—	—	27,647	—	1,862	29,509	27,941
Distributions	(1,804)	—	—	(92,823)	—	(3,260)	(96,083)	(97,887)
Other	—	—	(20)	758	—	(141)	597	597
Balance at March 31, 2021	$ 261,059	$ 1,118	$ 7,618,128	$ (1,631,044)	$ 4,033	$ 99,403	$ 6,091,638	$ 6,352,697
Issuance of common stock and common OP units, net	—	40	537,557	—	—	—	537,597	537,597
Conversion of OP units	—	1	296	—	—	(297)	—	—
Other redeemable non-controlling interests	53	—	—	(53)	—	—	(53)	—
Share-based compensation - amortization and forfeitures	—	—	7,099	74	—	—	7,173	7,173
Issuance of Series J preferred OP units	24,000	—	—	—	—	—	—	24,000
Foreign currency translation	—	—	—	—	1,164	56	1,220	1,220
Net income	2,448	—	—	113,804	—	4,597	118,401	120,849
Distributions	(1,957)	—	—	(96,188)	—	(3,143)	(99,331)	(101,288)
Other	—	—	15	(836)	—	—	(821)	(821)
Balance at June 30, 2021	$ 285,603	$ 1,159	$ 8,163,095	$ (1,614,243)	$ 5,197	$ 100,616	$ 6,655,824	$ 6,941,427
Issuance of common stock and common OP units, net	—	—	(813)	—	—	—	(813)	(813)
Conversion of OP units	—	1	1,336	—	—	(1,337)	—	—
Equity interest in consolidated entities	1,750	—	—	—	—	550	550	2,300
Other redeemable non-controlling interests	56	—	—	(55)	—	—	(55)	1
Share-based compensation - amortization and forfeitures	—	—	6,704	77	—	—	6,781	6,781
Foreign currency translation	—	—	—	—	(3,445)	(161)	(3,606)	(3,606)
Net income	7,023	—	—	234,871	—	8,267	243,138	250,161
Distributions	(2,038)	—	—	(96,246)	—	(3,101)	(99,347)	(101,385)
Other	—	—	—	(38)	—	(1)	(39)	(39)
Balance at September 30, 2021	$ 292,394	$ 1,160	$ 8,170,322	$ (1,475,634)	$ 1,752	$ 104,833	$ 6,802,433	$ 7,094,827

	Temporary Equity	Stockholders' Equity: Common Stock	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Stockholders' Equity	Total Equity
Balance at December 31, 2019	$ 78,004	$ 932	$ 5,213,264	$ (1,393,141)	$ (1,331)	$ 56,228	$ 3,875,952	$ 3,953,956
Issuance of common stock and common OP units, net	—	1	(7,141)	—	—	—	(7,140)	(7,140)
Conversion of OP units	—	—	446	—	—	(446)	—	—
Other redeemable non-controlling interests	98	—	—	(85)	—	—	(85)	13
Share-based compensation - amortization and forfeitures	—	—	4,928	93	—	—	5,021	5,021
Issuance of Series E preferred OP units	—	—	181	—	—	8,819	9,000	9,000
Foreign currency translation	—	—	—	—	(6,994)	(306)	(7,300)	(7,300)
Remeasurement of notes receivable and equity method investment	—	—	—	1,953	—	—	1,953	1,953
Net income / (loss)	(1,195)	—	—	(14,514)	—	231	(14,283)	(15,478)
Distributions	(457)	—	—	(73,730)	—	(2,918)	(76,648)	(77,105)
Balance at March 31, 2020	$ 76,450	$ 933	$ 5,211,678	$ (1,479,424)	$ (8,325)	$ 61,608	$ 3,786,470	$ 3,862,920
Issuance of common stock and common OP units, net	—	49	628,506	—	—	10,114	638,669	638,669
Conversion of OP units	—	1	130	—	—	(131)	—	—
Other redeemable non-controlling interests	(641)	—	—	(67)	—	—	(67)	(708)
Share-based compensation - amortization and forfeitures	—	—	7,284	92	—	—	7,376	7,376
Issuance of Series F preferred OP units	8,965	—	—	—	—	—	—	8,965
Foreign currency translation	—	—	—	—	3,850	22	3,872	3,872
Net income / (loss)	(300)	—	—	60,492	—	3,163	63,655	63,355
Distributions	(492)	—	—	(77,635)	—	(2,971)	(80,606)	(81,098)
Balance at June 30, 2020	$ 83,982	$ 983	$ 5,847,598	$ (1,496,542)	$ (4,475)	$ 71,805	$ 4,419,369	$ 4,503,351
Issuance of common stock and common OP units, net	—	—	(1,622)	—	—	—	(1,622)	(1,622)
Conversion of OP units	—	—	216	—	—	(216)	—	—
Equity interest consolidated entities	67	—	—	(67)	—	—	(67)	—
Share-based compensation - amortization and forfeitures	—	—	5,188	63	—	—	5,251	5,251
Issuance of Series G preferred OP units	26,071	—	—	—	—	—	—	26,071
Foreign currency translation	—	—	—	—	2,249	(103)	2,146	2,146
Net income	2,958	—	—	82,849	—	3,949	86,798	89,756
Distributions	(529)	—	—	(77,641)	—	(2,988)	(80,629)	(81,158)
Balance at September 30, 2020	$ 112,549	$ 983	$ 5,851,380	$ (1,491,338)	$ (2,226)	$ 72,447	$ 4,431,246	$ 4,543,795

See accompanying Notes to Consolidated Financial Statements.

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

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Operating Activities		
Net Cash Provided By Operating Activities	$ 656,010	$ 464,458
Investing Activities		
Investment in properties	(476,536)	(401,976)
Acquisitions of properties, net of cash acquired	(1,099,753)	(256,359)
Proceeds from disposition of assets and depreciated homes, net	80,765	37,389
Proceeds from disposition of properties	162,077	12,612
Issuance of notes and other receivables	(17,114)	(35,188)
Repayments of notes and other receivables	4,091	2,713
Investments in nonconsolidated affiliates	(27,398)	(33,390)
Distributions from nonconsolidated affiliates	10,716	8,491
Net Cash Used For Investing Activities	(1,363,152)	(665,708)
Financing Activities		
Issuance of common stock, OP units and preferred OP units, net	1,059,048	619,793
Borrowings on lines of credit	2,405,240	1,221,980
Payments on lines of credit	(3,014,367)	(1,318,986)
Proceeds from issuance of debt	598,990	230,000
Contributions from noncontrolling interest	1,608	—
Payments on debt	(49,862)	(229,742)
Fees paid in connection with extinguishment of debt	(195)	(6,226)
Distributions	(289,112)	(231,500)
Payments for deferred financing costs	(10,961)	(3,322)
Net Cash Provided By Financing Activities	700,389	281,997
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(269)	(48)
Net change in cash, cash equivalents and restricted cash	(7,022)	80,699
Cash, cash equivalents and restricted cash, beginning of period	92,641	34,830
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 85,619	$ 115,529

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Supplemental Information		
Cash paid for interest (net of capitalized interest of $3,471 and $7,169 respectively)	$ 113,313	$ 100,047
Cash paid for interest on mandatorily redeemable debt	$ 3,124	$ 3,130
Cash paid for income taxes	$ 928	$ 1,069
Noncash investing and financing activities		
Change in distributions declared and outstanding	$ 11,438	$ 7,861
Conversion of common and preferred OP units	$ 2,784	$ 793
Asset held for sale	$ 705	$ —
Contingent consideration liability related to prior acquisitions	$ 15,332	$ —
Noncash investing and financing activities at the date of acquisition		
Acquisitions - Common stock and OP units issued	$ —	$ 10,114
Acquisitions - Series E preferred interest	$ —	$ 9,000
Acquisitions - Series F preferred interest	$ —	$ 9,000
Acquisitions - Series G preferred interest	$ —	$ 26,071
Acquisitions - Series J preferred interest	$ 24,000	$ —

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Sun Communities, Inc., a Maryland corporation, and all wholly-owned or majority-owned and controlled subsidiaries, including Sun Communities Operating Limited Partnership (the "Operating Partnership"), Sun Home Services, Inc. ("SHS") and Safe Harbor Marinas, LLC ("Safe Harbor") are referred to herein as the "Company," "us," "we," and "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 intercompany transactions have been eliminated in consolidation.

On January 1, 2021, we changed our organizational structure from a two-segment to a three-segment structure as a result of the recent acquisition of Safe Harbor and its internal organization. The new structure reflects how the chief operating decision maker manages the business, makes operating decisions, allocates resources and evaluates operating performance. Beginning with the three months ended March 31, 2021, we report our financial results consistent with our newly realigned operating segments. All prior period amounts are recast to conform to the way we internally manage our business and monitor segment performance. Certain reclassifications have been made to the prior period financial statements and related notes in order to conform to the current period presentation. The most significant changes were the combining of rental home revenue with real property revenue, the combining of rental home operating and maintenance expenses with property operating expenses, and the combining of home selling expenses with cost of home sales. Vacation rental home rent has been reclassified from ancillary income into real property. In addition, ancillary revenues and expenses have been renamed service, retail, dining & entertainment. There was no impact to prior period net income, stockholders equity or cash flows for any of the reclassifications.

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, 2020 as filed with the SEC on February 18, 2021 (our "2020 Annual Report"). These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our 2020 Annual Report.

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

2. Revenue

The following tables detail our revenue by major source (in thousands):

	Three Months Ended							
	September 30, 2021				September 30, 2020[1]			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Revenues								
Real property	$ 203,648	$ 185,765	$ 89,212	$ 478,625	$ 188,177	$ 132,311	N/A	$ 320,488
Home sales	70,323	10,776	—	81,099	39,941	7,721	N/A	47,662
Service, retail, dining and entertainment	1,626	37,303	74,110	113,039	1,251	22,608	N/A	23,859
Interest	2,184	498	8	2,690	2,154	470	N/A	2,624
Brokerage commissions and other, net	3,636	4,846	359	8,841	2,920	2,961	N/A	5,881
Total Revenues	$ 281,417	$ 239,188	$ 163,689	$ 684,294	$ 234,443	$ 166,071	N/A	$ 400,514

(1) Recast to reflect segment changes.

	Nine Months Ended							
	September 30, 2021				September 30, 2020[1]			
	MH	RV	Marina	Consolidated	MH	RV	Marina	Consolidated
Revenues								
Real property	$ 602,370	$ 398,833	$ 213,940	$ 1,215,143	$ 553,216	$ 276,748	N/A	$ 829,964
Home sales	185,576	29,570	—	215,146	110,797	15,982	N/A	126,779
Service, retail, dining and entertainment	5,340	64,061	200,702	270,103	4,377	32,285	N/A	36,662
Interest	6,353	1,656	31	8,040	6,293	1,316	N/A	7,609
Brokerage commissions and other, net	9,782	11,053	905	21,740	6,630	6,438	N/A	13,068
Total Revenues	$ 809,421	$ 505,173	$ 415,578	$ 1,730,172	$ 681,313	$ 332,769	N/A	$ 1,014,082

(1) Recast to reflect segment changes.

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 2020 Annual Report.

3. Real Estate Acquisitions and Dispositions

2021 Acquisitions and dispositions

During the nine months ended September 30, 2021, we acquired the following MH communities, RV resorts and marinas:

Community Name	Type	Sites, Wet Slips and Dry Storage Spaces	Development Sites	State / Province	Month Acquired
Sun Outdoors Association Island	RV: asset acquisition	294	—	NY	January
Blue Water Beach Resort	RV: asset acquisition	177	—	UT	February
Tranquility MHC	MH: asset acquisition	25	—	FL	February
Islamorada and Angler House[(1)]	Marina: asset acquisition	251	—	FL	February
Prime Martha's Vineyard[(1)]	Marina: asset acquisition	390	—	MA	March
Pleasant Beach Campground	RV: asset acquisition	102	—	ON, Canada	March
Cherrystone Family Camping Resort	RV: asset acquisition	669	—	VA	March
Beachwood Resort	RV: asset acquisition	672	—	WA	March
ThemeWorld RV Resort	RV: asset acquisition	148	—	FL	April
Sylvan Glen Estates[(2)]	MH: asset acquisition	476	—	MI	April
Shelter Island Boatyard	Marina: asset acquisition	55	—	CA	May
Lauderdale Marine Center	Marina: asset acquisition	202	—	FL	May
Apponaug Harbor[(3)]	Marina: asset acquisition	378	—	RI	June
Cabrillo Isle[(4)]	Marina: business combination	483	—	CA	June
Marathon Marina	Marina: asset acquisition	147	—	FL	June
Allen Harbor	Marina: asset acquisition	165	—	RI	July
Cisco Grove Campground & RV	RV: asset acquisition	18	407	CA	July
Four Leaf Portfolio[(5)]	MH: asset acquisition	2,545	340	MI / IN	July
Harborage Yacht Club	Marina: asset acquisition	300	—	FL	July
Zeman Portfolio[(6)]	RV: asset acquisition	686	—	IL / NJ	July
Southern Leisure Resort	RV: asset acquisition	496	—	FL	August
Sunroad Marina	Marina: asset acquisition	617	—	CA	August
Lazy Lakes RV	RV: asset acquisition	99	—	FL	August
Puerto del Rey	Marina: asset acquisition	1,450	—	Puerto Rico	September
Stingray Point	Marina: asset acquisition	219	—	VA	September
Detroit River	Marina: asset acquisition	440	—	MI	September
Jetstream RV Resort	RV: asset acquisition	202	—	TX	September
	Total	**11,706**	**747**		

(1) Includes two marinas.

(2) In conjunction with the acquisition, we issued 240,000 Series J preferred OP units. As of September 30, 2021, 240,000 Series J preferred OP units were outstanding.

(3) Combined with an existing adjacent marina.

(4) Acquired in connection with the Safe Harbor acquisition. Transfer of the marina was contingent on receiving third party consent.

(5) Includes nine MH communities.

(6) Includes two RV communities.

The following table summarizes the amount of assets acquired, net of liabilities assumed at the acquisition date and the consideration paid for the MH community, RV resort and Marina acquisitions completed during the nine months ended September 30, 2021 (in thousands):

	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 / (liabilities), net	**Total identifiable assets acquired net of liabilities assumed**	Cash and escrow	Temporary and permanent equity	**Total consideration**
Asset Acquisition								
Sun Outdoors Association Island	$ 14,965	$ —	$ 41	$ (248)	$ 14,758	$ 14,758	$ —	$ 14,758
Blue Water Beach Resort	9,000	—	—	(151)	8,849	8,849	—	8,849
Tranquility MHC	1,250	—	—	(1)	1,249	1,249	—	1,249
Islamorada and Angler House	18,001	22	269	(317)	17,975	17,975	—	17,975
Prime Martha's Vineyard	22,258	138	127	(573)	21,950	21,950	—	21,950
Pleasant Beach Campground	1,531	—	57	1	1,589	1,589	—	1,589
Cherrystone Family Camping Resort	59,669	—	231	(2,029)	57,871	57,871	—	57,871
Beachwood Resort	14,004	—	211	(7,616)	6,599	6,599	—	6,599
ThemeWorld RV Resort	25,000	—	—	(104)	24,896	24,896	—	24,896
Sylvan Glen Estates	23,469	20	531	(269)	23,751	(249)	24,000	23,751
Shelter Island Boatyard	9,520	132	402	(85)	9,969	9,969	—	9,969
Lauderdale Marine Center	336,992	—	3,282	958	341,232	341,232	—	341,232
Apponaug Harbor	6,540	—	89	(689)	5,940	5,940	—	5,940
Marathon Marina	19,129	19	261	(227)	19,182	19,182	—	19,182
Allen Harbor	3,946	30	35	(111)	3,900	3,900	—	3,900
Cisco Grove Campground & RV	6,609	—	—	22	6,631	6,631	—	6,631
Four Leaf Portfolio	210,723	319	3,958	(464)	214,536	214,536	—	214,536
Harborage Yacht Club	17,392	43	4,646	(504)	21,577	21,577	—	21,577
Zeman Portfolio	14,184	—	731	(545)	14,370	14,370	—	14,370
Southern Leisure Resort	17,476	—	274	(329)	17,421	17,421	—	17,421
Sunroad Marina	38,570	—	537	44,008	83,115	83,115	—	83,115
Lazy Lakes RV	11,300	—	—	(66)	11,234	11,234	—	11,234
Puerto Del Rey[(1)]	93,377	610	—	(2,086)	91,901	91,901	—	91,901
Stingray Point	2,852	—	46	(287)	2,611	2,611	—	2,611
Detroit River	8,737	—	159	(599)	8,297	8,297	—	8,297
Jetstream RV Resort	17,025	—	475	(199)	17,301	17,301	—	17,301
Business Combination[(2)]								
Cabrillo Isle	37,647	—	10,073	(703)	47,017	47,017	—	47,017
Total	$ 1,041,166	$ 1,333	$ 26,435	$ 26,787	$ 1,095,721	$ 1,071,721	$ 24,000	$ 1,095,721

(1) Purchase price allocation is preliminary as of September 30, 2021, subject to revision based on the final purchase price allocation.

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

As of September 30, 2021, we have incurred and capitalized $10.9 million of transaction costs which have been capitalized and allocated among the various fixed asset categories for purchases that meet the asset acquisition criteria. As of September 30, 2021, we also incurred $1.0 million of business combination expenses, which are expensed for purchases deemed to be business combinations.

The following unaudited pro forma financial information presents the results of our operations for the three and nine months ended September 30, 2021 and 2020, as if the properties combined through business combinations in 2021 had been acquired on January 1, 2020. 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 acquisition been consummated on January 1, 2020 (in thousands, except per-share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Total revenues	$ 685,662	$ 401,867	$ 1,734,088	$ 1,017,988
Net income attributable to Sun Communities, Inc. common stockholders	$ 231,580	$ 82,122	$ 367,838	$ 125,905
Net income per share attributable to Sun Communities, Inc. common stockholders - basic	$ 2.01	$ 0.84	$ 3.29	$ 1.32
Net income per share attributable to Sun Communities, Inc. common stockholders - diluted	$ 1.96	$ 0.84	$ 3.22	$ 1.32

Land for Expansion / Development

During the three months ended September 30, 2021, we acquired three land parcels, which are located in Ft. Collins, Colorado; Ft. Lupton, Colorado; and Leighton, Michigan, approved for the development of over 500 MH sites, for total consideration of $7.7 million.

Refer to Note 18, "Subsequent Events," for information regarding real estate acquisitions completed after September 30, 2021.

Dispositions

On July 2, 2021, we sold two MH communities located in Indiana and Missouri, containing a combined 677 sites, for $67.5 million. The gain from the sale of the property was approximately $49.4 million.

On August 26, 2021, we sold four MH communities located in Arizona, Illinois and Missouri, containing a combined 1,137 sites, for $94.6 million. The gain from the sale of the property was approximately $58.7 million.

2020 Acquisitions and dispositions

For the year ended December 31, 2020, we acquired the following MH communities, RV resorts and marinas.

Community Name	Type	Sites, Wet Slips and Dry Storage Spaces	Development Sites	State	Month Acquired
Cape Cod[(1)]	RV: asset acquisition	230	—	MA	January
Jellystone Natural Bridge	RV: asset acquisition	299	—	VA	February
Forest Springs[(2)]	MH: asset acquisition	372	—	CA	May
Crown Villa	RV: asset acquisition	123	—	OR	June
Flamingo Lake	RV: asset acquisition	421	—	FL	July
Woodsmoke	RV: asset acquisition	300	—	FL	September
Jellystone Lone Star	RV: asset acquisition	344	—	TX	September
El Capitan & Ocean Mesa[(3)(4)]	RV: asset acquisition	266	109	CA	September
Highland Green Estates & Troy Villa[(5)]	MH: asset acquisition	1,162	—	MI	September
Safe Harbor[(6)]	Marina: business combination	37,305	—	Various	October
Safe Harbor Hideaway Bay[(7)]	Marina: business combination	628	—	GA	November
Gig Harbor	RV: asset acquisition	115	—	WA	November
Maine MH Portfolio[(8)]	MH: asset acquisition	1,083	—	ME	November
Safe Harbor Anacapa Isle[(7)]	Marina: business combination	453	—	CA	December
Mears Annapolis	Marina: asset acquisitions	184	—	MD	December
Wickford	Marina: asset acquisitions	60	—	RI	December
Rybovich Portfolio[(9)]	Marina: business combination	78	—	FL	December
Rockland	Marina: asset acquisitions	173	—	ME	December
Mouse Mountain	MH / RV: asset acquisition	304	—	FL	December
Lakeview Mobile Estates	MH: asset acquisition	296	—	CA	December
Shenandoah Acres	RV: asset acquisition	522	—	VA	December
Jellystone at Barton Lake	RV: asset acquisition	555	—	IN	December
Kittatinny Portfolio[(4)]	RV: asset acquisition	527	—	NY & PA	December
	Total	**45,800**	**109**		

[(1)] In conjunction with the acquisition, we issued Series E preferred OP units. As of December 31, 2020, 90,000 Series E preferred OP units were outstanding.

[(2)] In conjunction with the acquisition, we issued Series F preferred OP units and common OP units. As of December 31, 2020, 90,000 Series F preferred OP units, specific to this acquisition, were outstanding.

[(3)] In conjunction with the acquisition, we issued Series G preferred OP units. As of December 31, 2020, 240,710 Series G preferred OP units were outstanding.

[(4)] Includes two RV resorts.

[(5)] Includes two communities.

[(6)] Includes 99 owned marinas located in 22 states. In conjunction with the acquisition, we issued Series H preferred OP units. As of December 31, 2020, 581,407 Series H preferred OP units were outstanding.

[(7)] Acquired in connection with the Safe Harbor acquisition. Transfer of the marinas was contingent on receiving third party consents.

[(8)] Includes six communities.

[(9)] Includes two marinas. In conjunction with the acquisition, we issued Series I preferred OP units. As of December 31, 2020, 922,000 Series I preferred OP units were outstanding.

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 2020 (in thousands):

	At Acquisition Date					Consideration			
	Investment in property	Inventory of manufactured homes, boat parts and retail related items	Goodwill, In-place leases and other intangible assets	Other assets / (liabilities), net	**Total identifiable assets acquired net of liabilities assumed**	Cash and escrow	Debt assumed	Temporary and permanent equity	**Total consideration**
Asset Acquisition									
Cape Cod	$ 13,350	$ —	$ 150	$ (295)	$ 13,205	$ 4,205	$ —	$ 9,000	$ 13,205
Jellystone Natural Bridge	11,364	—	80	(391)	11,053	11,053	—	—	11,053
Forest Springs	51,949	1,337	2,160	(107)	55,339	36,260	—	19,079	55,339
Crown Villa	16,792	—	—	(230)	16,562	16,562	—	—	16,562
Flamingo Lake	34,000	—	—	(155)	33,845	33,845	—	—	33,845
Woodsmoke	25,120	40	840	(461)	25,539	25,539	—	—	25,539
Jellystone Lone Star	21,000	—	—	(703)	20,297	20,297	—	—	20,297
El Capitan & Ocean Mesa	69,690	—	—	(10,321)	59,369	32,108	—	27,261	59,369
Highland Green Estates & Troy Villa	60,988	1,679	2,030	(15)	64,682	64,682	—	—	64,682
Gig Harbor	15,250	—	—	(22)	15,228	15,228	—	—	15,228
Maine MH Portfolio	79,890	—	1,359	30	81,279	72,479	8,800	—	81,279
Mears Annapolis	24,354	—	6,922	(546)	30,730	30,730	—	—	30,730
Wickford	3,468	—	42	(121)	3,389	3,389	—	—	3,389
Rockland	15,082	348	101	(368)	15,163	15,163	—	—	15,163
Mouse Mountain	15,221	—	279	(4)	15,496	15,496	—	—	15,496
Lakeview Mobile Estates	22,917	195	638	(72)	23,678	23,678	—	—	23,678
Shenandoah Acres	16,166	—	834	(197)	16,803	16,803	—	—	16,803
Jellystone at Barton Lake	23,462	—	538	(397)	23,603	23,603	—	—	23,603
Kittatinny Portfolio	16,220	—	30	29	16,279	16,279	—	—	16,279
Business Combination[(1)]									
Safe Harbor[(2)]	1,643,879	5,700	435,077	(43,875)	2,040,781	1,141,797	829,000	69,984	2,040,781
Hideaway Bay	26,218	23	7,242	(1,077)	32,406	32,406	—	—	32,406
Anacapa Isle	10,924	—	3,146	60	14,130	14,130	—	—	14,130
Rybovich Portfolio[(3)]	122,064	620	249,840	(37)	372,487	258,123	—	114,364	372,487
Total	$ 2,339,368	$ 9,942	$ 711,308	$ (59,275)	$ 3,001,343	$ 1,923,855	$ 837,800	$ 239,688	$ 3,001,343

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

(2) Purchase price allocation was preliminary as of December 31, 2020 and was subsequently adjusted based on the final purchase price allocation. We reclassified $17.0 million from "Other assets / (liabilities), net" to "Goodwill, In-place leases and other intangible assets." The reclassifications consist of $11.4 million to goodwill in Q3 2021 and various other asset / liability true-ups of $5.7 million during Q1 and Q2 2021. These adjustments did not have any impact on the Statements of Operations.

(3) Purchase price allocation was preliminary as of December 31, 2020 and was adjusted as of March 31, 2021 based on the final purchase price allocation.

As of December 31, 2020, we have incurred $23.0 million of expensed business combination transaction costs (in relation to the acquisition Safe Harbor, Hideaway Bay, Anacapa Isle and the Rybovich Portfolio, as each such acquisition meets the criteria to be accounted for as business combination), and $13.4 million of capitalized transaction costs for asset acquisitions, which have been allocated among the various categories above.

Land for Expansion / Development

During the year ended December 31, 2020, we acquired eight land parcels, which are located in Orange Beach, Alabama; Jensen Beach, Florida; Citra Lakes, Florida; Comal County, Texas; and Menifee, California for total consideration of $9.7 million. Seven of the land parcels are adjacent to existing communities.

Dispositions

Real estate held-for-sale of $32.1 million as of December 31, 2020, was reclassified from Other assets, net to various line items on the Consolidated Balance Sheets during the three months ended March 31, 2021, as the sale of those assets was no longer probable. The primary reclassifications were $34.5 million of assets moved to Investment property, net and $3.8 million moved to Other liabilities on the Consolidated Balance Sheets.

On July 1, 2020, we sold a manufactured housing community located in Montana, containing 226 sites, for $12.6 million. The gain from the sale of the property was approximately $5.6 million.

4. Notes and Other Receivables

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

	September 30, 2021	December 31, 2020
Installment notes receivable on manufactured homes, net	$ 81,001	$ 85,866
Notes receivable from real estate developers	64,593	52,638
Other receivables, net	111,330	83,146
Total Notes and Other Receivables, net	$ 256,924	$ 221,650

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 $81.0 million (net of fair value adjustment of $0.7 million) and $85.9 million (net of fair value adjustment of $1.3 million) as of September 30, 2021 and December 31, 2020, 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 percent and 14.8 years as of September 30, 2021, and 7.8 percent and 15.2 years as of December 31, 2020, respectively. Refer to Note 14, "Fair Value of Financial Instruments," for additional detail.

The change in the aggregate balance of the installment notes receivable is as follows (in thousands):

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Beginning balance of gross installment notes receivable	$ 87,142	$ 96,225
Financed sale of manufactured homes	7,232	5,014
Adjustment for notes receivable related to assets held for sale	477	(477)
Principal payments and payoffs from our customers	(8,867)	(8,977)
Principal reduction from repossessed homes	(2,342)	(4,643)
Dispositions of properties	(1,918)	—
Ending balance of gross installment notes receivable	81,724	87,142
Beginning balance of allowance for losses on installment notes receivables	—	(645)
Initial fair value option adjustment	—	645
Ending balance of allowance for losses on installment notes receivables	—	—
Beginning balance of fair value adjustments on gross installment notes receivable	(1,276)	—
Initial fair value option adjustment	—	991
Adjustment for notes receivable related to assets held for sale	(7)	7
Fair value adjustment	560	(2,274)
Fair value adjustments on gross installment notes receivable	(723)	(1,276)
Ending balance of installment notes receivable, net	$ 81,001	$ 85,866

Notes Receivable from Real Estate Developers

Notes receivable from real estate developers 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 September 30, 2021 and December 31, 2020, the notes receivable balances of $64.6 million and $52.6 million, respectively are primarily comprised of construction loans provided to real estate developers. The notes receivable from real estate developers have a net weighted average interest rate and maturity of 6.3 percent and 1.3 years as of September 30, 2021, and 6.2 percent and 1.8 years as of December 31, 2020, respectively. As of September 30, 2021, real estate developers collectively have $10.3 million of undrawn funds on their loans. There were no material adjustments to the fair value of notes receivable from the real estate developers for the nine months ended September 30, 2021 and 2020. Refer to Note 14, "Fair Value of Financial Instruments," for additional information.

Other Receivables, net

Other receivables, net were comprised of amounts due from (in thousands):

	September 30, 2021	December 31, 2020
Home sale proceeds	$ 38,219	$ 23,643
Marina customers for storage service and lease payments, net[(1)]	26,286	19,197
MH and annual RV residents for rent, utility charges, fees and other pass through charges, net[(2)]	10,723	7,106
Insurance receivables	10,658	13,597
Other receivables[(3)]	25,444	19,603
Total Other Receivables, net	$ 111,330	$ 83,146

[(1)] Net of allowance of $1.6 million and $1.4 million as of September 30, 2021 and December 31, 2020, respectively.

[(2)] Net of allowance of $5.8 million and $7.2 million as of September 30, 2021 and December 31, 2020, respectively.

[(3)] Includes receivable from Rezplot Systems LLC, a nonconsolidated affiliate in which we have a 50 percent ownership interest. 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 percent and is secured by all the assets of Rezplot Systems LLC. The outstanding balances were $7.6 million and $2.0 million as of September 30, 2021 and December 31, 2020, respectively. Refer to Note 6, "Investment in Nonconsolidated Affiliates," for additional information on Rezplot Systems LLC.

5. Goodwill and Other Intangibles Assets

Our intangible assets include goodwill, in-place leases, non-competition agreements, trademarks and trade names, customer relationships, and 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 change in the carrying amount of goodwill is as follows (in thousands):

	December 31, 2020	Acquisitions	September 30, 2021
Goodwill	$ 428,833	$ 32,776	$ 461,609

Goodwill was preliminary as of December 31, 2020, subject to revisions based on purchase price allocations for the Safe Harbor and Rybovich business combination acquisitions which are reflected in the goodwill balance as of September 30, 2021.

Goodwill impairment - Upon review of the qualitative factors in accordance with ASC 350-20, "*Goodwill and Other*," we determined that no impairment indicators existed as of September 30, 2021 and December 31, 2020. As a result, there was no impairment of goodwill during the nine months ended September 30, 2021.

Other intangible assets, net

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

		September 30, 2021		December 31, 2020	
Other Intangible Asset	**Useful Life**	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
In-place leases	Expected term	$ 160,862	$ (114,757)	$ 145,531	$ (92,327)
Non-competition agreements	5 years	10,000	(1,500)	10,000	—
Trademarks and trade names	Various[1]	116,690	(625)	116,500	—
Customer relationships	7 - 15 years	107,978	(9,401)	108,000	(2,371)
Franchise agreements and other intangible assets	5.5 - 20 years	33,520	(5,142)	23,856	(3,578)
Total		$ 429,050	$ (131,425)	$ 403,887	$ (98,276)

[1] All trademarks and trade names have an indefinite useful life except for one that has a three year useful life as of the acquisition date.

Amortization expenses related to the Other intangible assets are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
Other Intangible Asset Amortization Expense	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
In-place leases	$ 5,664	$ 3,727	$ 22,457	$ 10,758
Non-competition agreements	500	—	1,500	—
Trademarks and trade names	208	—	625	—
Customer relationships	2,709	—	7,029	—
Franchise fees and other intangible assets	678	205	1,660	614
Total	$ 9,759	$ 3,932	$ 33,271	$ 11,372

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

	Remainder 2021	2022	2023	2024	2025
In-place leases	$ 5,519	$ 13,215	$ 9,491	$ 6,619	$ 5,778
Non-competition agreements	500	2,000	2,000	2,000	2,000
Trademarks and trade names	208	833	833	—	—
Customer relationships	2,710	10,838	10,838	10,838	10,838
Franchise agreements and other intangible assets	626	2,502	2,473	2,410	2,389
Total	$ 9,563	$ 29,388	$ 25,635	$ 21,867	$ 21,005

6. Investment 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 the Income from nonconsolidated affiliates line item on the Consolidated Statements of Operations.

RezPlot Systems LLC ("Rezplot")
At September 30, 2021 and December 31, 2020, we had a 50 percent ownership interest in RezPlot, a RV reservation software technology company, which interest we acquired in January 2019.

Sungenia joint venture ("Sungenia JV")
At September 30, 2021 and December 31, 2020, we had a 50 percent 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 September 30, 2021 and December 31, 2020, we had a 40 percent 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 September 30, 2021 and December 31, 2020, we had a 22.9 percent ownership interest in OFS, an end-to-end online resident screening and document management suite.

SV Lift, LLC ("SV Lift")
At September 30, 2021 and December 31, 2020, we had a 50 percent ownership interest in SV Lift, which owns, operates and leases an aircraft.

The investment balance in each nonconsolidated affiliate is as follows (in thousands):

Investment	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Investment in RezPlot	$ 1,302	$ 3,047
Investment in Sungenia JV	33,278	26,890
Investment in GTSC	34,767	25,495
Investment in OFS	321	152
Investment in SV Lift	2,978	3,490
Total	$ 72,646	$ 59,074

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

Income / (Loss) from Nonconsolidated Affiliates	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
RezPlot equity income / (loss)	$ (789)	$ 5	$ (1,745)	$ (1,150)
Sungenia JV equity income	432	51	1,241	198
GTSC equity income	1,653	1,263	4,250	2,723
OFS equity income	43	54	169	134
SV Lift equity loss	(377)	(169)	(988)	(557)
Total Income from Nonconsolidated Affiliates	$ 962	$ 1,204	$ 2,927	$ 1,348

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

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Beginning balance	$ 25,495	$ 18,488
Initial fair value option adjustment	—	317
Contributions	20,117	19,030
Distributions	(14,965)	(14,676)
Equity earnings	4,250	3,944
Fair value adjustment	(130)	(1,608)
Ending Balance	$ 34,767	$ 25,495

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

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Beginning balance	$ 26,890	$ 11,995
Cumulative translation adjustment	(1,658)	2,180
Contributions	6,805	12,377
Equity earnings	1,241	338
Ending Balance	$ 33,278	$ 26,890

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 variable interest entity ("VIE") or, alternatively, 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.

Sun NG RV Resorts LLC ("Sun NG Resorts"); Rudgate Village SPE, LLC, Rudgate Clinton SPE, LLC, and Rudgate Clinton Estates SPE, LLC (collectively, "Rudgate"); Sun NG Whitewater RV Resorts LLC; FPG Sun Menifee 80 LLC, SHM South Fork JV, LLC; Sun Solar Energy Project LLC (the "Sun Solar JV")

We consolidate Sun NG Resorts, Rudgate, Sun NG Whitewater RV Resorts LLC, FPG Sun Menifee 80 LLC, SHM South Fork JV, LLC, and Sun Solar JV under the guidance set forth in ASC Topic 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," for additional information on Sun NG Resorts and Note 9, "Equity and Temporary Equity," for additional information on Sun NG Resorts, Sun NG Whitewater RV Resorts LLC, FPG Sun Menifee 80 LLC, SHM South Fork JV, LLC, and Sun Solar JV.

The following table summarizes the assets and liabilities of Sun NG Resorts, Rudgate, Sun NG Whitewater RV Resorts LLC, FPG Sun Menifee 80 LLC, SHM South Fork JV, LLC, and Sun Solar JV included in our Consolidated Balance Sheets after eliminations (in thousands):

	September 30, 2021	December 31, 2020
Assets		
Investment property, net	$ 567,026	$ 453,236
Other assets, net	28,670	25,072
Total Assets	$ 595,696	$ 478,308
Liabilities and Other Equity		
Secured debt	$ 49,054	$ 47,706
Unsecured debt	35,249	35,249
Other liabilities	22,908	22,221
Total Liabilities	107,211	105,176
Temporary equity	37,064	32,719
Noncontrolling interests	18,527	16,084
Total Liabilities and Other Equity	$ 162,802	$ 153,979

Investment property, net and Other assets, net related to the consolidated VIEs, with the exception of the Operating Partnership, comprised approximately 4.7 percent and 4.3 percent of our consolidated total assets at September 30, 2021 and December 31, 2020, respectively. Secured debt, Unsecured debt and Other liabilities comprised 2.0 percent of our consolidated total liabilities at September 30, 2021 and December 31, 2020, respectively. Equity Interests and Noncontrolling interests related to the consolidated VIEs, on an absolute basis, comprised less than 1.0 percent of our consolidated total equity at September 30, 2021 and December 31, 2020, respectively.

8. Debt and Line of Credit

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

	Carrying Amount		Weighted Average Years to Maturity		Weighted Average Interest Rates	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Secured Debt	$ 3,403,436	$ 3,489,983	10.8	11.4	3.780 %	3.751 %
Unsecured Debt						
Senior unsecured notes	591,252	—	9.8	0.0	2.700 %	— %
Line of credit and other debt	624,837	1,197,181	3.7	3.7	0.976 %	2.107 %
Preferred equity - Sun NG Resorts - mandatorily redeemable	35,249	35,249	3.0	3.8	6.000 %	6.000 %
Preferred OP units - mandatorily redeemable	34,663	34,663	4.4	5.1	5.932 %	5.932 %
Total Unsecured Debt	1,286,001	1,267,093				
Total Debt	$ 4,689,437	$ 4,757,076	9.6	9.4	3.303 %	3.370 %

Secured Debt

Secured debt consists primarily of mortgage term loans.

During the nine months ended September 30, 2021, no mortgage term loans were paid off. During the year ended December 31, 2020, we paid off the following mortgage term loans (in thousands except statistical information):

Three Months Ended	Repayment Amount	Fixed Interest Rate	Maturity Date	(Gain) / Loss on Extinguishment of Debt
June 30, 2020	$ 52,710 (1)	5.980 % (3)	March 1, 2021 July 11, 2021 December 1, 2021	$ 1,930
	$ 99,607	5.837 %	March 1, 2021	$ 3,403
March 31, 2020	$ 19,922 (2)	5.830 % (3)	July 1, 2020	$ (124)

(1) Includes four mortgage term loans, two due to mature on March 1, 2021, one due to mature on July 11, 2021 and the other due to mature on December 1, 2021.

(2) Includes four mortgage term loans due to mature on July 1, 2020.

(3) The interest rate represents the weighted average interest rate on mortgage term loans.

During the nine months ended September 30, 2021, we did not enter into any new mortgage term loans. During the year ended December 31, 2020, we entered into the following mortgage term loans (in thousands except statistical information):

Three Months Ended	Loan Amount	Term (in years)	Interest Rate	Maturity Date
December 31, 2020	$ 268,800 (1)	12	2.662 % (2)	May 1, 2030 November 1, 2032
March 31, 2020	$ 230,000	15	2.995 %	April 1, 2035

(1) Includes three mortgage term loans, one for \$8.8 million due to mature on May 1, 2030 and two for \$39.5 million and \$220.5 million, due to mature on November 1, 2032.

(2) The interest rate represents the weighted average interest rate on mortgage term loans.

The mortgage term loans totaling \$3.4 billion as of September 30, 2021, are secured by 192 properties comprised of 76,436 sites representing approximately \$3.2 billion of net book value.

Unsecured Debt

Senior Unsecured Notes

On June 28, 2021, we issued $600.0 million of senior unsecured notes with an interest rate of 2.7 percent and a ten-year term, due July 15, 2031 (the "2031 Notes"). Interest on the senior unsecured notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2022. The net proceeds from the offering were approximately $592.4 million, after deducting underwriters' discounts and estimated offering expenses. The proceeds were used to pay down borrowings under our line of credit. The outstanding balance was $591.3 million at September 30, 2021. This balance is recorded in the Unsecured debt line item on the Consolidated Balance Sheets.

Line of Credit

On June 14, 2021, we entered into a new credit agreement (the "New Credit Agreement") with certain lenders. The New Credit Agreement combined and replaced our prior $750.0 million credit facility, which was scheduled to mature on May 21, 2023, (the "A&R Facility"), and the $1.8 billion credit facility between Safe Harbor and certain lenders, which was scheduled to mature on October 11, 2024 (the "Safe Harbor Facility"). The Safe Harbor Facility was terminated in connection with the execution of the New Credit Agreement. We repaid all amounts due and outstanding under the Safe Harbor Facility on or prior to such effective date. We recognized a Loss on extinguishment of debt in our Consolidated Statement of Operations related to the termination of the A&R Facility and the Safe Harbor Facility of $0.2 million and $7.9 million, respectively.

Pursuant to the New Credit Agreement, we may borrow up to $2.0 billion under a revolving loan (the "New Credit Facility"). The New Credit Facility is available to fund all of the Company's business, including its marina business conducted by Safe Harbor. The New Credit Agreement also permits, subject to the satisfaction of certain conditions, additional borrowings (with the consent of the lenders) in an amount not to exceed $1.0 billion with the option to treat all, or a portion, of such additional funds as an incremental term loan.

The New Credit Facility has a four-year term ending June 14, 2025, and, at our option, the maturity date may be extended for two additional six-month periods, subject to the satisfaction of certain conditions. However, the maturity date with respect to $500.0 million of available borrowing under the New Credit Facility is October 11, 2024, which, under the terms of the New Credit Agreement, may not be extended. The New Credit Facility bears interest at a floating rate based on the Adjusted Eurocurrency Rate or Australian Bank Bill Swap Bid Rate (BBSY), plus a margin that is determined based on the Company's credit ratings calculated in accordance with the New Credit Agreement, which can range from 0.725 percent to 1.400 percent. As of September 30, 2021, the margin based on our credit ratings was 0.850 percent on the New Credit Facility.

At the lenders' option, the New Credit Facility will become immediately due and payable upon an event of default under the New Credit Agreement. We had $589.5 million of borrowings on the New Credit Facility as of September 30, 2021, all scheduled to mature June 14, 2025. As of December 31, 2020, we had $40.4 million of borrowings on the revolving loan and no borrowings on the term loan under our A&R Facility, respectively. As of December 31, 2020, we had $652.0 million and $500.0 million of borrowings under the revolving loan and term loan under Safe Harbor Facility, respectively. These balances are recorded in the Unsecured debt line item on the Consolidated Balance Sheets.

The New 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 New Credit Facility, but does reduce the borrowing amount available. At September 30, 2021 and December 31, 2020, we had approximately $3.2 million and $2.4 million (including none and $0.3 million associated with Safe Harbor's prior credit facility) of outstanding letters of credit, respectively.

Unsecured Term Loan

In October 2019, we assumed a term loan facility, in the amount of $58.0 million in relation to an acquisition. The term loan has a four-year term ending October 29, 2023, and bears interest at a floating rate based on the Eurodollar rate or Prime rate plus a margin ranging from 1.20 percent to 2.05 percent. 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 0.80 percent to 1.60 percent. As of September 30, 2021, the margin was 0.95 percent. The outstanding balance was $35.3 million at September 30, 2021 and $45.0 million at December 31, 2020. These balances are recorded in the Unsecured debt and Secured debt line items on the Consolidated Balance Sheets, respectively.

Floor Plan

We have a $12.0 million manufactured home floor plan facility renewable indefinitely until our lender provides us at least a 12-month notice of their intent to terminate the agreement. The interest rate is 100 basis points over the greater of the prime rate as quoted in the *Wall Street Journal* on the first business day of each month or 6.0 percent. At September 30, 2021, the effective interest rate was 7.0 percent. There was no outstanding balance as of September 30, 2021. The outstanding balance was $4.8 million as of December 31, 2020. These balances are recorded within the Unsecured debt line item on the Consolidated Balance Sheets.

Preferred Equity - Sun NG Resorts - mandatorily redeemable

In connection with the investment in Sun NG Resorts, $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 percent per annum. The Preferred Equity - Sun NG Resorts has a seven-year term ending June 1, 2025 and $33.4 million can be redeemed in the fourth quarter of 2024 at the holders' option. The Preferred Equity - Sun NG Resorts as of September 30, 2021 was $35.2 million. These balances are recorded within the Unsecured debt line item 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

Preferred OP units at September 30, 2021 and December 31, 2020 include $34.7 million of Aspen preferred OP units issued by the Operating Partnership. As of September 30, 2021, these units are convertible indirectly into 388,056 shares of our common stock.

In January 2020, we amended the Operating Partnership's partnership agreement. The amendment extended the automatic redemption date and reduced the annual distribution rate for 270,000 of the Aspen preferred OP units (the "Extended Units"). Subject to certain limitations, at any time prior to January 1, 2024 (or prior to January 1, 2034 with respect to the Extended Units), the holder of each Aspen preferred OP unit at its option may convert such Aspen preferred OP 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 ten-day average closing price is greater than $68.00 per share, the number of common OP units is determined by dividing (i) the sum of (A) $27.00 plus (B) 25.0 percent of the amount by which the ten-day average closing price exceeds $68.00 per share, by (ii) the ten-day average closing price. The current preferred distribution rate is 3.8 percent on the Extended Units and 6.5 percent on all other Aspen preferred OP units. On January 2, 2024 (or January 2, 2034 with respect to the Extended Units), we are required to redeem for cash all Aspen preferred OP units that have not been converted to common OP units. As of September 30, 2021, 270,000 of the Extended Units and 1,013,819 other Aspen preferred units were outstanding. These balances are recorded within the Unsecured debt line item on the Consolidated Balance Sheets.

Covenants

The mortgage term loans, senior unsecured notes, New Credit Facility and floor plan are subject to various financial and other covenants. The most restrictive covenants are pursuant to (a) the terms of the New Credit Facility, which contains a minimum fixed charge coverage ratio, maximum leverage, distribution ratios and variable rate indebtedness and (b) senior unsecured notes, which contain a total debt to total assets, secured debt to total assets, consolidated income available for debt service to debt service and unencumbered total asset value to unsecured debt covenants. At September 30, 2021 we were in compliance with all 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.

Off-Balance Sheet Arrangements - Nonconsolidated Affiliate Indebtedness

GTSC - During September 2019, GTSC, a nonconsolidated affiliate in which we have a 40 percent ownership interest, entered into a warehouse line of credit with a maximum loan amount of $125.0 million. During September 2020 and May 2021, the maximum amount was increased to $180.0 million and $230.0 million, respectively with an option to increase to $255.0 million subject to the lender's consent. As of September 30, 2021, the aggregate carrying amount of debt, including both our and our partner's share, incurred by GTSC was $218.4 million (of which our proportionate share is $87.3 million). As of December 31, 2020, the aggregate carrying amount of debt, including both our and our partner's share, incurred by GTSC was $167.7 million (of which our proportionate share is $67.1 million). The debt bears interest at a variable rate based on LIBOR plus 1.65 percent per annum and matures on September 15, 2023.

Sungenia JV - During May 2020, Sungenia JV, a nonconsolidated affiliate in which we have a 50 percent ownership interest, entered into a debt facility agreement with a maximum loan amount of $27.0 million Australian dollars, or $19.5 million converted at the September 30, 2021 exchange rate. As of September 30, 2021, the aggregate carrying amount of debt, including both our and our partners' share, incurred by Sungenia JV was $6.2 million (of which our proportionate share is $3.1 million). As of December 31, 2020, the aggregate carrying amount of debt, including both our and our partners' share, incurred by Sungenia JV was $6.7 million (of which our proportionate share is $3.3 million). The debt bears interest at a variable rate based on the BBSY rate plus 2.05 percent per annum and is available for a minimum of three years.

9. Equity and Temporary Equity

Permanent Equity

Universal Shelf Registration Statement

On April 5, 2021, in connection with the expiration of our universal shelf registration statement on Form S-3, that was filed with the SEC on April 6, 2018, we filed a new universal shelf registration statement on Form S-3 with the SEC. The new universal shelf registration statement was deemed automatically effective and provides for the registration of unspecified amounts of equity and debt securities. We have the authority to issue 200,000,000 shares of capital stock, of which 180,000,000 shares are common stock, par value $0.01 per share, and 20,000,000 are shares of preferred stock, par value $0.01 per share. As of September 30, 2021, we had 115,959,116 shares of common stock issued and outstanding and no shares of preferred stock were issued and outstanding.

Public Equity Offerings

On March 2, 2021, we priced a $1.1 billion underwritten public offering of an aggregate of 8,050,000 shares at a public offering price of $140.00 per share, before underwriting discounts and commissions. The offering consisted of 4,000,000 shares offered directly by us and 4,050,000 shares offered under a forward equity sales agreement. We sold the 4,000,000 shares on March 9, 2021 and received net proceeds of $537.6 million after deducting expenses related to the offering. In May and June 2021, we completed the physical settlement of the remaining 4,050,000 shares and received net proceeds of $539.7 million after deducting expenses related to the offering. Proceeds from the offering were used to acquire assets and pay down the Safe Harbor Facility.

On September 30, 2020 and October 1, 2020, we entered into two forward sale agreements (the "September 2020 Forward Equity Offerings") relating to an underwritten registered public offering of 9,200,000 shares of our common stock at a public offering price of $139.50 per share. The offering closed on October 5, 2020. On October 26, 2020, we physically settled the September 2020 Forward Equity Offering (by the delivery of shares of our common stock). Proceeds from the offering were approximately $1.23 billion after deducting expenses related to the offering. We used the net proceeds of this offering to fund the cash portion of the acquisition of Safe Harbor, and for working capital and general corporate purposes.

In May 2020, we closed an underwritten registered public offering of 4,968,000 shares of common stock. Proceeds from the offering were $633.1 million after deducting expenses related to the offering. We used the net proceeds of this offering to repay borrowings outstanding under the revolving loan under our senior credit facility.

At the Market Offering Sales Agreements

On June 4, 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 $500.0 million 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. The sales agents and forward sellers are entitled to compensation in an agreed amount not to exceed 2.0 percent of the gross price per share for any shares sold under the Sales Agreement. We forward sold 107,400 shares of common stock under the new Sales Agreement for $21.4 million during the three and nine months ended September 30, 2021. The forward shares are not physically settled as of September 30, 2021. The forward shares will expire if not settled by September 2022.

Upon entering into the Sales Agreement, we simultaneously terminated our previous At the Market Offering Sales Agreement entered into in July 2017. There were no issuances of common stock under the prior sales agreement during the six months ended June 30, 2021 or during the year ended December 31, 2020. From inception through termination of the prior sales agreement, we sold shares of our common stock for gross proceeds of $163.8 million.

Issuances of Common Stock, Common OP Units and Preferred OP Units in Connection with the Acquisition of Certain Properties

Rybovich Portfolio Common OP Units - In December 2020, in connection with the acquisition of the Rybovich Portfolio, we issued 130,475 Common OP units.

Safe Harbor Common OP Units - In October 2020, in connection with the acquisition of Safe Harbor, we issued 55,403 Common OP units.

Forest Springs Common OP Units - In May 2020, in connection with the acquisition of the Forest Springs community, we issued 82,420 Common OP units.

Issuance of Series E Preferred OP Units - In January 2020, we issued 90,000 Series E preferred OP units in connection with the acquisition of Cape Cod RV Resort. The Series E preferred OP units have a stated issuance price of $100.00 per OP Unit and carry a preferred return of 5.25 percent until the second anniversary of the issuance date. Commencing with the second anniversary of the issuance date, the Series E Preferred OP Units carry a preferred return of 5.50 percent. Commencing with the first anniversary of the issuance date, subject to certain limitations, each Series E Preferred OP Unit can be exchanged for our common stock equal to the quotient obtained by dividing $100.00 by $145.00 (as such ratio is subject to adjustments for certain capital events). As of September 30, 2021, 90,000 Series E preferred OP Units were outstanding. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information.

Equity Interests

Equity Interest - SHM South Fork JV, LLC - In October 2020, in conjunction with the acquisition of Safe Harbor, we indirectly acquired $4.3 million of Safe Harbor's equity interest in SHM South Fork JV, LLC, a joint venture created for the purpose of acquiring land and constructing a marina in Fort Lauderdale, Florida. The Safe Harbor Equity Interests - SHM South Fork JV, LLC balance was $4.1 million and $4.3 million at September 30, 2021 and the year ended December 31, 2020, respectively. Refer to Note 7, "Consolidated Variable Interest Entities," for additional information.

Temporary Equity

Issuance of Preferred OP Units in Connection with the Acquisition of Certain Properties

Issuance of Series J Preferred OP Units - In April 2021, we issued 240,000 Series J preferred OP units in connection with the acquisition of the Sylvan Glen. The Series J preferred OP units have a stated issuance price of $100.00 per OP unit and carry a preferred return of 2.85 percent. Subject to certain limitations, at any time after the Series J issuance date, each Series J preferred OP unit can be exchanged for a number of shares of our common stock equal to the quotient obtained by dividing $100.00 by $165.00 (as such ratio is subject to adjustments for certain capital events) at the holder's option. Each holder may require redemption in cash (i) during the 30-day period following a change of control of the Company or (ii) any time after the fifth anniversary of the Series J issuance date. As of September 30, 2021, 240,000 Series J preferred OP units were outstanding. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information.

Issuance of Series I Preferred OP Units - In December 2020, we issued 922,000 Series I preferred OP units in connection with the acquisition of the Rybovich Portfolio. The Series I preferred OP units have a stated issuance price of $100.00 per OP unit and carry a preferred return of 3.0 percent. Subject to certain limitations, at any time after the Series I issuance date, each Series I preferred OP unit can be exchanged for a number of shares of our common stock equal to the quotient obtained by dividing $100.00 by $164.00 (as such ratio is subject to adjustments for certain capital events) at the holder's option. Each holder may require redemption in cash after the fifth anniversary of the Series I issuance date or upon the holder's death. As of September 30, 2021, 922,000 Series I preferred OP units were outstanding. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information.

Issuance of Series H Preferred OP Units - In October 2020, we issued 581,407 Series H preferred OP units in connection with the acquisition of Safe Harbor. The Series H preferred OP units have a stated issuance price of $100.00 per OP unit and carry a preferred return of 3.0 percent. Subject to certain limitations, at any time after the Series H issuance date, each Series H preferred OP unit can be exchanged for a number of shares of our common stock equal to the quotient obtained by dividing $100.00 by $164.00 (as such ratio is subject to adjustments for certain capital events) at the holder's option. Each holder may require redemption in cash after the fifth anniversary of the Series H issuance date or upon the holder's death. As of September 30, 2021, 581,407 Series H preferred OP units were outstanding. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information.

Issuance of Series G Preferred OP Units - In September 2020, we issued 260,710 Series G preferred OP units in connection with the acquisition of El Capitan & Ocean Mesa Resorts. The Series G preferred OP units have a stated issuance price of $100.00 per OP unit and carry a preferred return of 3.2 percent. Subject to certain limitations, at any time after the Series G issuance date, each Series G preferred OP unit can be exchanged for a number of shares of our common stock equal to the quotient obtained by dividing $100.00 by $155.00 (as such ratio is subject to adjustments for certain capital events) at the holder's option. Each holder may require redemption in cash after the fifth anniversary of the Series G issuance date or upon the holder's death. As of September 30, 2021, 240,710 Series G preferred OP units were outstanding. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information.

Issuance of Series F Preferred OP Units - In May 2020, we issued 90,000 Series F preferred OP units in connection with the acquisition of Forest Springs. The Series F preferred OP units have a stated issuance price of $100.00 per OP unit and carry a preferred return of 3.0 percent. Subject to certain limitations, at any time after the Series F issuance date, each Series F preferred OP unit can be exchanged for a number of shares of our common stock equal to the quotient obtained by dividing $100.00 by $160.00 (as such ratio is subject to adjustments for certain capital events) at the holder's option. Each holder may require redemption in cash after the fifth anniversary of the Series F issuance date or upon the holder's death. As of September 30, 2021, 90,000 Series F preferred OP units were outstanding. Refer to Note 3, "Real Estate Acquisitions and Dispositions," for additional information.

Issuance of Series D Preferred OP Units - In February 2019, we issued 488,958 Series D preferred OP units in connection with the acquisition of Country Village Estates. The Series D preferred OP units have a stated issuance price of $100.00 per OP unit and carry a preferred return of 3.75 percent until the second anniversary of the issuance date. Commencing with the second anniversary of the issuance date, the Series D preferred OP units carry a preferred return of 4.0 percent. Commencing with the first anniversary of the issuance date, each Series D preferred OP unit can be exchanged for our common stock equal to the quotient obtained by dividing $100.00 by $125.00 (as such ratio is subject to adjustments for certain capital events) at the holder's option. The holders may require redemption in cash after the fifth anniversary of the Series D issuance date or upon the holder's death. As of September 30, 2021, 488,958 Series D preferred OP units were outstanding.

Equity Interests

Equity Interest - Sun Solar JV - In July 2021, we entered into a joint venture with an unrelated third party to operate and maintain solar energy equipment in selected California communities. The unrelated third party made an equity contribution of $1.8 million in the Solar JV (referred to as "Equity Interest - Sun Solar JV"). We are the managing member and made an equity contribution of $5.8 million. The governing documents for the joint venture contain language regarding the economic treatment of each member’s equity contribution. The Equity Interest - Sun Solar JV balance was $1.6 million at September 30, 2021. Refer to Note 7, "Consolidated Variable Interest Entities," for additional information.

Equity Interest - FPG Sun Menifee 80 LLC - In October 2020, 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, Foremost Pacific Group, LLC, "FPG," purchased $0.1 million of common equity interest in the land (referred to as "Equity Interest - FPG Sun Menifee 80 LLC"). The Equity Interest - FPG Sun Menifee 80 LLC does not have a fixed maturity date. Upon the occurrence of certain events, either FPG or Sun FPG Venture LLC, our subsidiary, can trigger a process under which we may be required to purchase the Equity Interests - FPG Sun Menifee 80 LLC from FPG. The Equity Interest - FPG Sun Menifee 80 LLC balance was $0.1 million at September 30, 2021 and year ended December 31, 2020. Refer to Note 7, "Consolidated Variable Interest Entities," for additional information.

Equity Interest - NG Sun Whitewater LLC - In August 2019, in connection with the investment in land at the property known as Whitewater, NG Sun Whitewater LLC purchased $2.4 million of common equity interest in Sun NG Whitewater RV Resorts LLC (referred to as "Equity Interest - NG Sun Whitewater LLC"). The Equity Interest - NG Sun Whitewater LLC does not have a fixed maturity date. Upon the occurrence of certain events, either NG Sun Whitewater LLC or Sun NG LLC, our subsidiary, can trigger a process under which we may be required to purchase the Equity Interest - NG Sun Whitewater LLC from NG Sun Whitewater LLC. The Equity Interest - NG Sun Whitewater LLC balance was $5.0 million and $5.1 million at September 30, 2021 and year ended December 31, 2020, respectively. Refer to Note 7, "Consolidated Variable Interest Entities," for additional information.

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 interest in Sun NG Resorts (herein jointly referred to as "Equity Interest - NG Sun LLC"). In April and September 2020, in connection with the acquisitions of Glen Ellis RV Park and Lone Star RV Park, $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 percent. The Equity Interest - NG Sun LLC does not have a fixed maturity date and can be redeemed in the fourth quarters of 2024, 2025 and 2026 at the holders' option. Sun NG LLC, our subsidiary, has the right during certain periods each year, with or without cause, or for cause at any time, to elect to buy NG Sun LLC's interest. During a limited period in 2022, NG Sun LLC has the right to put its interest to Sun NG LLC. If either party exercises their option, the property management agreement will be terminated, and we are required to purchase the remaining interests of NG Sun LLC and the property management agreement at fair value. The Equity Interest - NG Sun LLC balance was $26.3 million and $23.3 million at September 30, 2021 and year ended December 31, 2020, respectively. Refer to Note 7, "Consolidated Variable Interest Entities," and Note 8, "Debt and Line of Credit," for additional information.

Conversions

Conversions to Common Stock - Subject to certain limitations, holders can convert certain series of stock and OP units to shares of our common stock at any time. Below is the activity of conversions during the nine months ended September 30, 2021 and 2020:

		Nine Months Ended September 30, 2021		Nine Months Ended September 30, 2020	
Series	**Conversion Rate**	**Units / Shares Converted**	**Common Stock[(1)]**	**Units / Shares Converted**	**Common Stock[(1)]**
Common OP unit	1.0000	78,724	78,724	29,886	29,886
Series A-1 preferred OP unit	2.4390	19,296	47,058	10,614	25,884
Series C preferred OP unit	1.1100	—	—	1,485	1,648

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

Distributions

Distributions declared for the three months ended September 30, 2021 were as follows:

Distributions	**Record Date**	**Payment Date**	**Distribution Per Share**	**Total Distribution (in Thousands)**
Common Stock, Common OP units and Restricted Stock	9/30/2021	10/15/2021	$ 0.83	$ 98,344

10. Share-Based Compensation

As of September 30, 2021, we had two share-based compensation plans: the Sun Communities, Inc. 2015 Equity Incentive Plan ("2015 Equity Incentive Plan") and the First Amended and Restated 2004 Non-Employee Director Option Plan ("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.

During the nine months ended September 30, 2021 and 2020, shares were granted as follows:

Grant Period	Type	Plan	Shares Granted	Grant Date Fair Value Per Share	Vesting Type	Vesting Anniversary	Percentage
2021	Executive Officers	2015 Equity Incentive Plan	54,000	$ 151.89 [1]	Time Based	20.0% annually over 5 years	
2021	Executive Officers	2015 Equity Incentive Plan	81,000 [2]	$ 94.32 [2]	Market Condition	3rd	100.0 %
2021	Executive Officers	2015 Equity Incentive Plan	15,000	$ 151.89 [1]	Time Based	33.3% annually over 3 years	
2021	Executive Officers	2015 Equity Incentive Plan	15,000 [3]	$ 87.49 [3]	Market Condition	3rd	100.0 %
2021	Key Employees	2015 Equity Incentive Plan	28,856	$ 151.89 [1]	Time Based	33.3% annually over 3 years	
2021	Key Employees	2015 Equity Incentive Plan	61,550	$ 143.28 [1]	Time Based	20.0% annually over 5 years	
2021	Executive Officers	2015 Equity Incentive Plan	3,400	$ 147.19 [1]	Time Based	20.0% annually over 5 years	
2021	Executive Officers	2015 Equity Incentive Plan	5,100 [4]	$ 96.41 [4]	Market Condition	3rd	100.0 %
2021	Directors	2004 Non-Employee Director Option Plan	1,509	$ 147.19 [1]	Time Based	3rd	100.0 %
2021	Directors	2004 Non-Employee Director Option Plan	10,200	$ 148.44 [1]	Time Based	3rd	100.0 %
2020	Key Employees	2015 Equity Incentive Plan	1,500	$ 143.20 [1]	Time Based	20.0% annually over 5 years	
2020	Key Employees	2015 Equity Incentive Plan	51,790	$ 162.42 [1]	Time Based	20.0% annually over 5 years	
2020	Executive Officers	2015 Equity Incentive Plan	46,000	$ 165.97 [1]	Time Based	20.0% annually over 5 years	
2020	Executive Officers	2015 Equity Incentive Plan	69,000 [5]	$ 125.47 [5]	Market Condition	3rd	100.0 %
2020	Directors	2004 Non-Employee Director Option Plan	10,200	$ 147.97 [1]	Time Based	3rd	100.0 %

[1] The fair values of the grants were determined by using the average closing price of our common stock on the dates the shares were issued.

[2] Share-based compensation for restricted stock awards with market conditions is measured based on an estimate of shares expected to vest. We estimate the fair value of share-based compensation for restricted stock with market conditions using a Monte Carlo simulation. At the grant date our common stock price was $151.89. Based on the Monte Carlo simulation we expect 62.1 percent of the 81,000 shares to vest.

[3] Share-based compensation for restricted stock awards with market conditions is measured based on an estimate of shares expected to vest. We estimate the fair value of share-based compensation for restricted stock with market conditions using a Monte Carlo simulation. At the grant date our common stock price was $151.89. Based on the Monte Carlo simulation we expect 57.6 percent of the 15,000 shares to vest.

[4] Share-based compensation for restricted stock awards with market conditions is measured based on an estimate of shares expected to vest. We estimate the fair value of share-based compensation for restricted stock with market conditions using a Monte Carlo simulation. At the grant date our common stock price was $147.19. Based on the Monte Carlo simulation we expect 65.5 percent of the 5,100 shares to vest.

[5] Share-based compensation for restricted stock awards with market conditions is measured based on an estimate of shares expected to vest. We estimate the fair value of share-based compensation for restricted stock with market conditions using a Monte Carlo simulation. At the grant date our common stock price was $165.97. Based on the Monte Carlo simulation we expect 75.6 percent of the 69,000 shares to vest.

Vesting

The vesting requirements for 288,024 and 256,380 restricted shares granted to our executives, directors and employees were satisfied during the nine months ended September 30, 2021 and 2020, respectively.

Stock Options

During the nine months ended September 30, 2021, 1,500 shares of common stock were issued in connection with the exercise of stock options with net proceeds of less than $0.1 million. There were no stock options outstanding as of September 30, 2021. During the nine months ended September 30, 2020, no stock options were exercised.

11. Segment Reporting

ASC Topic 280, "*Segment Reporting*" ("ASC 280"), establishes standards for the way the business enterprises report information about operating segments in its financial statements. As described in Note 1, "Basis of Presentation," effective January 1, 2021, we transitioned from a two-segment to a three-segment structure as a result of the recent acquisition of Safe Harbor and its internal organization.

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

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

The marina segment owns, operates, has an interest in a portfolio, and develops marinas, and is in the business of acquiring, and operating marinas throughout the U.S. with the majority of such marinas concentrated in coastal regions and others located in various inland regions.

Hybrid properties are classified to a segment based on the predominant site counts at the properties.

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

	Three Months Ended							
	September 30, 2021				September 30, 2020[1]			
	MH	RV	Marinas	Consolidated	MH	RV	Marinas	Consolidated
Operating revenues	$ 275,597	$ 233,844	$ 163,322	$ 672,763	$ 229,369	$ 162,640	N/A	$ 392,009
Property operating expenses	118,441	109,219	98,859	326,519	95,350	78,381	N/A	173,731
Net Operating Income	$ 157,156	$ 124,625	$ 64,463	$ 346,244	$ 134,019	$ 84,259	N/A	$ 218,278
Adjustments to arrive at net income								
Interest income				2,690				2,624
Brokerage commissions and other revenues, net				8,841				5,881
General and administrative expense				(43,276)				(26,834)
Catastrophic event-related charges, net				(328)				(14)
Depreciation and amortization				(127,091)				(88,499)
Interest expense				(39,026)				(30,214)
Interest on mandatorily redeemable preferred OP units / equity				(1,047)				(1,047)
Gain on remeasurement of marketable securities				12,072				1,492
Gain / (loss) on foreign currency translation				(7,028)				5,023
Gain on dispositions of properties				108,104				5,595
Other expense, net				(9,372)				(3,511)
Gain / (loss) on remeasurement of notes receivable				92				(445)
Income from nonconsolidated affiliates (see Note 6)				962				1,204
Loss on remeasurement of investment in nonconsolidated affiliates				(119)				(446)
Current tax benefit / (expense) (see Note 12)				(402)				107
Deferred tax benefit / (expense) (see Note 12)				(1,155)				562
Net Income				250,161				89,756
Less: Preferred return to preferred OP units / equity interests				3,101				1,645
Less: Income attributable to noncontrolling interests				15,290				6,907
Net Income Attributable to Sun Communities, Inc. Common Stockholders				$ 231,770				$ 81,204

[1] Recast to reflect segment changes.

	Nine Months Ended							
	September 30, 2021				September 30, 2020[1]			
	MH	RV	Marinas	Consolidated	MH	RV	Marinas	Consolidated
Revenues	$ 793,286	$ 492,464	$ 414,642	$ 1,700,392	$ 668,390	$ 325,015	N/A	$ 993,405
Operating expenses / Cost of sales	326,758	247,284	255,970	830,012	263,852	165,430	N/A	429,282
Net Operating Income / Gross Profit	$ 466,528	$ 245,180	$ 158,672	$ 870,380	$ 404,538	$ 159,585	N/A	$ 564,123
Adjustments to arrive at net income								
Interest income				8,040				7,609
Brokerage commissions and other revenues, net				21,740				13,068
General and administrative expense				(126,606)				(78,710)
Catastrophic event-related charges, net				(3,097)				(54)
Business combination expense, net				(1,031)				—
Depreciation and amortization				(378,068)				(259,453)
Loss on extinguishment of debt (see Note 8)				(8,108)				(5,209)
Interest expense				(116,224)				(94,058)
Interest on mandatorily redeemable preferred OP units / equity				(3,124)				(3,130)
Gain / (loss) on remeasurement of marketable securities				43,227				(2,636)
Loss on foreign currency translation				(7,107)				(2,496)
Gain on dispositions of properties				108,104				5,595
Other expense, net				(10,041)				(4,890)
Gain / (loss) on remeasurement of notes receivable				561				(2,311)
Income from nonconsolidated affiliates (see Note 6)				2,927				1,348
Loss on remeasurement of investment in nonconsolidated affiliates				(130)				(1,505)
Current tax expense (see Note 12)				(1,418)				(462)
Deferred tax benefit / (expense) (see Note 12)				(1,074)				804
Net Income				398,951				137,633
Less: Preferred return to preferred OP units / equity interests				9,000				4,799
Less: Income attributable to noncontrolling interests				22,629				8,806
Net Income Attributable to Sun Communities, Inc. Common Stockholders				$ 367,322				$ 124,028

[1] Recast to reflect segment changes.

	September 30, 2021				December 31, 2020[1]			
	MH	RV	Marinas	Consolidated	MH	RV	Marinas	Consolidated
Identifiable Assets								
Investment property, net	$ 4,983,329	$ 3,373,068	$ 2,520,039	$ 10,876,436	$ 4,823,174	$ 3,038,686	$ 1,853,931	$ 9,715,791
Cash, cash equivalents and restricted cash	38,538	20,968	26,113	85,619	53,152	28,919	10,570	92,641
Marketable securities	103,829	56,492	—	160,321	80,776	43,950	—	124,726
Inventory of manufactured homes	36,526	7,182	—	43,708	33,448	13,195	—	46,643
Notes and other receivables, net	160,593	58,750	37,581	256,924	144,027	44,002	33,621	221,650
Goodwill	—	—	461,609	461,609	—	—	428,833	428,833
Other intangible assets, net	30,247	23,854	243,524	297,625	33,998	23,819	247,794	305,611
Other assets, net	178,491	40,882	181,681	401,054	184,917	38,075	47,699	270,691
Total Assets	$ 5,531,553	$ 3,581,196	$ 3,470,547	$ 12,583,296	$ 5,353,492	$ 3,230,646	$ 2,622,448	$ 11,206,586

[1] Recast to reflect segment changes.

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 percent of our gross income in any year must be derived from qualifying sources. In addition, a REIT must distribute annually at least 90 percent of its REIT taxable income (calculated without any deduction for dividends paid and excluding capital gain) to its stockholders 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 for the nine months ended September 30, 2021.

As a REIT, we generally will not be subject to United States ("U.S.") federal income taxes at the corporate level on the ordinary taxable income we distribute to our stockholders 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 as a result of the acquisition in 2016 of certain properties located in Canada. 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.

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, and depreciation and basis differences between tax and GAAP. Our deferred tax assets that have a full valuation allowance relate to our taxable REIT subsidiaries. Net deferred tax liabilities of $21.5 million and $20.5 million for Canadian entities have been recorded in relation to corporate entities and included in other liabilities in our Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020, respectively. U.S. federal deferred tax liabilities of $0.1 million have been recorded and included in our Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020.

We had no unrecognized tax benefits as of September 30, 2021 and 2020. We do not expect significant changes in tax positions that would result in unrecognized tax benefits within one year of September 30, 2021.

For the three and nine months ended September 30, 2021, we recorded a current tax expense for federal, state, and Canadian income taxes and Australian withholding taxes of $0.4 million and $1.4 million, respectively. For the three months ended September 30, 2020, we recorded a current tax benefit for federal, state and Canadian income taxes of $0.1 million. For the nine months ended September 30, 2020, we recorded a current tax expense for federal, state and Canadian income taxes of $0.5 million.

For the three and nine months ended September 30, 2021, we recorded a deferred tax expense of $1.2 million and $1.1 million, respectively. For the three and nine months ended September 30, 2020, we recorded a deferred tax benefit of $0.6 million and $0.8 million, respectively.

13. Earnings Per Share

Earnings per share 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 earnings per share using the more dilutive of the treasury stock method and the two-class method.

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 until settlement. The common shares issued upon the settlement of the forward equity sales agreements, weighted for the period these common shares are outstanding, are usually 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.

Our potentially dilutive securities include 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 I preferred OP units, Series J preferred OP units and Aspen preferred OP Units, which, if converted or exercised, may impact dilution.

Diluted earnings per share considers the impact of potentially dilutive securities except when the potential common shares have an antidilutive effect. Our unvested restricted stock common shares contain rights to receive non-forfeitable dividends and participate equally with common stock with respect to dividends issued or declared, and thus, are participating securities, requiring the two-class method of computing earnings per share. The two-class method determines earnings per share by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average number of shares of common stock outstanding for the period. 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 remaining potential dilutive common shares do not contain rights to dividends and are included in the computation of diluted earnings per share.

Computations of basic and diluted earnings per share were as follows (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Numerator				
Net Income Attributable to Sun Communities, Inc. Common Stockholders	$ 231,770	$ 81,204	$ 367,322	$ 124,028
Less: allocation to restricted stock awards	1,508	536	2,352	821
Basic earnings - Net Income attributable to common stockholders after allocation to restricted stock awards	$ 230,262	$ 80,668	$ 364,970	$ 123,207
Add: allocation to common and preferred OP units dilutive effect	5,641	—	8,269	—
Diluted earnings - Net Income attributable to common stockholders after allocation to common and preferred OP units[(1)]	$ 235,903	$ 80,668	$ 373,239	$ 123,207
Denominator				
Weighted average common shares outstanding	115,136	97,542	111,717	95,270
Add: common shares dilutive effect: Forward Equity Offering	—	6	—	2
Add: dilutive stock options	—	1	—	1
Add: common and preferred OP units dilutive effect	2,936	—	2,574	—
Diluted weighted average common shares and securities[(1)]	118,072	97,549	114,291	95,273
Earnings Per Share Available to Common Stockholders After Allocation				
Basic earnings per share	$ 2.00	$ 0.83	$ 3.27	$ 1.29
Diluted earnings per share[(1)]	$ 2.00	$ 0.83	$ 3.27	$ 1.29

(1) For the three and nine months ended September 30, 2021 and 2020, diluted earnings per share was calculated using the two-class method as the application of this method resulted in a more dilutive earnings per share for those periods.

We have excluded certain convertible securities from the computation of diluted earnings per share 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 computation of diluted earnings per share as of September 30, 2021 and 2020 (in thousands):

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Common OP units	—	2,473
A-1 preferred OP units	275	299
A-3 preferred OP units	40	40
Aspen preferred OP units	1,284 [1]	1,284
Series C preferred OP units	306	309
Series D preferred OP units	489	489
Series E preferred OP units	90	90
Series F preferred OP units	90	90
Series G preferred OP units	241	261
Series H preferred OP units	581	—
Series I preferred OP units	922	—
Series J preferred OP units	240	—
Total Securities	4,558	5,335

[1] For the three months ended September 30, 2021, Aspen preferred OP units were included in the computation of diluted earnings per share because the inclusion of those securities was dilutive for the period.

14. Fair Value of Financial Instruments

Our financial instruments consist primarily of cash, cash equivalents and restricted cash, marketable securities, notes and other receivables, debt, 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 Topic 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.

Assets by Hierarchy Level

The table below sets forth our financial assets and liabilities (in thousands) that required disclosure of fair value on a recurring basis as of September 30, 2021. The table presents the carrying values and fair values of our financial instruments as of September 30, 2021 and December 31, 2020, 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.

	September 30, 2021				
Financial Assets	**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**
Cash, cash equivalents and restricted cash	$ 85,619	$ 85,619	$ —	$ —	$ 85,619
Marketable securities	160,321	160,321	—	—	160,321
Installment notes receivable on manufactured homes, net	81,001	—	—	81,001	81,001
Notes receivable from real estate developers	64,593	—	—	64,593	64,593
Total assets measured at fair value	$ 391,534	$ 245,940	$ —	$ 145,594	$ 391,534
Financial Liabilities					
Secured debt	$ 3,403,436	$ —	$ 3,403,436	$ —	$ 3,434,376
Unsecured debt					
Senior unsecured notes	591,252	—	591,252	—	606,352
Line of credit and other unsecured debt	694,749	—	694,749	—	694,749
Total unsecured debt	1,286,001	—	1,286,001	—	1,301,101
Other financial liabilities (contingent consideration)	38,970	—	—	38,970	38,970
Total liabilities measured at fair value	$ 4,728,407	$ —	$ 4,689,437	$ 38,970	$ 4,774,447

	December 31, 2020				
Financial Assets	**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**
Cash, cash equivalents and restricted cash	$ 92,641	$ 92,641	$ —	$ —	$ 92,641
Marketable securities	124,726	124,726	—	—	124,726
Installment notes receivable on manufactured homes, net	85,866	—	85,866	—	85,866
Notes receivable from real estate developers	52,638	—	52,638	—	52,638
Total assets measured at fair value	$ 355,871	$ 217,367	$ 138,504	$ —	$ 355,871
Financial Liabilities					
Secured debt	$ 3,489,983	$ —	$ 3,489,983	$ —	$ 3,588,901
Unsecured debt					
Line of credit and other unsecured debt	1,267,093	—	1,267,093	—	1,267,093
Total unsecured debt	1,267,093	—	1,267,093	—	1,267,093
Other financial liabilities (contingent consideration)	15,842	—	—	15,842	15,842
Total liabilities measured at fair value	$ 4,772,918	$ —	$ 4,757,076	$ 15,842	$ 4,871,836

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 instrument. These are classified as Level 1 in the hierarchy.

Marketable Securities

Marketable securities held by us and accounted for under ASC 321 "*Investments - Equity Securities*" are measured at fair value. Any change in fair value is recognized in the Consolidated Statement of Operations in Remeasurement of marketable securities in accordance with ASU 2016-01 "*Financial Instruments - Overall (Subtopic 825-10): Recognition and measurement of financial assets and financial liabilities*." The fair value is measured by the quoted unadjusted share price which is readily available in active markets (Level 1).

The change in the marketable securities balance is as follows (in thousands):

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
Beginning Balance	$ 124,725	$ 94,727
Additional purchases	—	11,757
Change in fair value measurement	43,202	6,132
Foreign currency translation adjustment	(10,052)	10,138
Dividend reinvestment, net of tax	2,446	1,971
Ending Balance	$ 160,321	$ 124,725

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

Notes receivable from real estate developers 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 by underlying collateral and / or personal guarantees. Refer to Note 4, "Notes and Other Receivables," for additional information.

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.

Line of credit and other unsecured debt - consists primarily of our New Credit Facility. We have variable rates on our New Credit Facility. The fair value of the debt with variable rates approximates carrying value as the interest rates of these amounts approximate market rates. The estimated fair value of our indebtedness as of September 30, 2021 approximated its gross carrying value.

Other Financial Liabilities

We estimate the fair value of our contingent consideration liability 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).

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.

Our assessment resulted in a net transfer into Level 3 of $138.5 million related to installment notes receivable on manufactured homes and notes from real estate developers during the nine months ended September 30, 2021.

Inputs that are used to derive the fair value for installment notes receivables on manufactured homes and notes receivable from real estate developers transferred to Level 3 from Level 2 during the quarter ended March 31, 2021 as significant inputs used to value those instruments inclusive of default rates, interest rates, recovery rates, and counterparty performance rely heavily on internally sourced assumptions as opposed to observable market-based inputs.

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 nine months ended September 30, 2021 (in thousands):

	Three Months Ended September 30, 2021		
	Installment Notes Receivable on MH, net	**Notes Receivable From Real Estate Developers**	**Other Liabilities (Contingent Consideration)**
Level 3 beginning balance at June 30, 2021	$ 82,506	$ 61,955	$ 18,101
Transfer to level 3	—	—	—
Transfer out of level 3	—	—	—
Net gain / loss	91	—	9,196
Purchases and issuances	3,299	3,383	11,893
Sales and settlements	(3,405)	(542)	—
Dispositions of properties	(1,918)	—	—
Other adjustments	428	(203)	(220)
Level 3 ending balance at September 30, 2021	$ 81,001	$ 64,593	$ 38,970

	Nine Months Ended September 30, 2021		
	Installment Notes Receivable on MH, net	**Notes Receivable From Real Estate Developers**	**Other Liabilities (Contingent Consideration)**
Level 3 beginning balance at December 31, 2020	$ —	$ —	$ 15,842
Transfer to level 3	85,866	52,638	—
Transfer out of level 3	—	—	—
Net gain / loss	560	—	9,339
Purchases and issuances	7,232	14,523	15,332
Sales and settlements	(11,209)	(1,135)	—
Dispositions of properties	(1,918)	—	—
Other adjustments	470	(1,433)	(1,543)
Level 3 ending balance at September 30, 2021	$ 81,001	$ 64,593	$ 38,970

Although we have determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgement is required in interpreting market data to develop fair value estimates. The fair value estimates are based on information available as of September 30, 2021. As such, our estimates of fair value could differ significantly from the actual carrying value.

15. 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.

16. Leases

Lessee Accounting

We lease land under non-cancelable operating leases at certain MH, RV and marina properties expiring at various dates through 2085. 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 2026.

Future minimum lease payments under non-cancellable leases as of the nine months ended September 30, 2021 where we are the lessee include:

Maturity of Lease Liabilities (in thousands)	Operating Leases	Finance Leases	Total
2021 (Excluding nine months ended September 30, 2021)	$ 2,381	$ 126	$ 2,507
2022	9,057	223	9,280
2023	9,003	198	9,201
2024	9,347	4,070	13,417
2025	9,320	—	9,320
Thereafter	179,497	—	179,497
Total Lease Payments	$ 218,605	$ 4,617	$ 223,222
Less: Imputed interest	(101,530)	(284)	(101,814)
Present Value of Lease Liabilities	$ 117,075	$ 4,333	$ 121,408

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

Description	Financial Statement Classification	As of September 30, 2021	As of December 31, 2020
Lease Assets			
ROU asset obtained in exchange for new finance lease liabilities	Investment property, net	$ 4,452	$ 4,350
ROU asset obtained in exchange for new operating lease liabilities	Other assets, net	$ 126,756	$ 48,419
ROU asset obtained relative to below market operating lease	Other assets, net	$ 72,249	$ 27,614
Lease Liabilities			
Finance lease liabilities	Other liabilities	$ 4,333	$ 4,334
Operating lease liabilities	Other liabilities	$ 117,075	$ 49,964

Lease expense for finance and operating leases, and short term lease cost as included in our Consolidated Statements of Operations are as follows (in thousands):

		Three Months Ended		Nine Months Ended	
Description	Financial Statement Classification	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Finance Lease Expense					
Interest on lease liabilities	Interest expense	$ 27	$ 26	$ 79	$ 77
Operating lease cost	General and administrative expense, Property operating and maintenance	2,771	973	7,223	2,925
Variable lease cost	Property operating and maintenance	1,886	431	5,004	1,220
Short term lease cost	Property operating and maintenance	57	—	195	—
Total Lease Expense		$ 4,741	$ 1,430	$ 12,501	$ 4,222

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

Lease Term and Discount Rate	As of September 30, 2021
Weighted-average Remaining Lease Terms (years)	
Finance lease	2.72
Operating lease	34.54
Weighted-average Discount Rate	
Finance lease	2.45 %
Operating lease	3.84 %

	Nine Months Ended	
Other Information (in thousands)	**September 30, 2021**	**September 30, 2020**
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flow from operating leases	$ 4,512	$ 1,836
Financing cash flow from finance leases	125	23
Total Cash Paid On Lease Liabilities	$ 4,637	$ 1,859

Lessor Accounting

We are not the lessor for any finance leases at our MH, RV or marina properties as of September 30, 2021.

Over 95 percent of our operating leases 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 September 30, 2021, future minimum lease payments would not exceed 12 months.

Future minimum lease payments under non-cancellable leases at our marinas and RV properties as of the nine months ended September 30, 2021 where we are the lessor include:

Maturity of Lease Payments (in thousands)	Operating Leases
2021 (Excluding nine months ended September 30, 2021)	$ 5,099
2022	16,949
2023	14,141
2024	8,844
2025	4,976
Thereafter	5,804
Total Undiscounted Cash Flows	$ 55,813

The components of lease income were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
Description	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Operating Leases				
Fixed lease income	$ 5,293	$ 312	$ 14,346	$ 934
Variable lease income[(1)]	$ 1,284	$ 399	$ 3,554	$ 1,195

[(1)] Consists of rent primarily based on a percentage of revenues at the related properties.

17. Recent Accounting Pronouncements

Recent Accounting Pronouncements - Adopted

In July 2021, the FASB issued ASU 2021-05, "*Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*." This update amends ASC 842 so that lessors are no longer required to recognize a selling loss upon commencement of a lease with variable lease payments that, prior to the amendments, would have been classified as a sales-type or direct financing lease. Under the amended guidance, a lessor must classify as an operating lease any lease that would otherwise be classified as a sales-type or direct financing lease and that would result in the recognition of a selling loss at lease commencement, provided that the lease includes variable lease payments that do not depend on an index or rate. We adopted the ASU during the three months ended September 30, 2021. The adoption of this ASU did not have an impact on our Consolidated Financial Statements as none of our lessor leases with variable lease payments required us to recognize a selling loss upon commencement of the lease.

Recent Accounting Pronouncements - Not Yet Adopted

In March 2020, the FASB issued ASU No. 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 are available for election through December 31, 2022. As of September 30, 2021, we do not expect the reference rate reform will have a material impact on our Consolidated Financial Statements as the majority of our debt is fixed.

18. Subsequent Events

Acquisitions

Subsequent to the quarter ended September 30, 2021, we acquired the following properties:

Property Name	Property Type	Sites, Wet Slips and Dry Storage Spaces	Development Sites	City	State / Province	Total Purchase Price (in millions)
Beaver Brook Campground	RV	204	150	N Monmouth	ME	$ 4.5

Subsequent to the quarter ended September 30, 2021, we acquired land located in Chincoteague, VA for total consideration of $7.5 million.

Senior Unsecured Notes

On October 5, 2021, we issued $450.0 million of senior unsecured notes with an interest rate of 2.3 percent and a seven-year term, due November 1, 2028 (the "2028 Notes"). Interest on the 2028 Notes is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2022. In addition, on October 5, 2021, we issued $150 million of senior unsecured notes with an interest rate of 2.7 percent and a 10-year term due July 15, 2031 (the "2031 Notes"). The 2031 Notes are additional notes of the same series as the $600.0 million aggregate principal amount of 2.7 percent senior unsecured notes due July 15, 2031 that we issued on June 28, 2021. The net proceeds from the offering were approximately $595.5 million after deducting underwriters' discounts and estimated offering expenses. The proceeds were used to pay down borrowings under our line of credit.

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 2020 Annual Report.

OVERVIEW

We are a fully integrated, self-administered and self-managed REIT. As of September 30, 2021, we owned and operated or held an interest in a portfolio of 584 developed properties located in 38 states throughout the United States, Canada and Puerto Rico including 282 MH communities, 146 RV resorts, 36 properties containing both MH and RV sites, and 120 marinas. We have been in the business of acquiring, operating, developing and expanding MH communities and RV resorts since 1975 and marinas since 2020. We lease individual sites with utilities access for placement of manufactured homes, RVs or boats to our customers. 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. The Rental Program operations within our MH communities support and enhance our occupancy levels, property performance, and cash flows.

COVID-19 IMPACT

As of September 30, 2021, there are no government regulations preventing the operations of any of our MH communities, RV resorts or marinas. The border for recreational travel between the United States and Canada is open with certain restrictions, which could impact cross border traffic to resorts and marinas across the United States and Canada. The execution of our operational and financial plans has helped to mitigate the impact of COVID-19 on our business.

We continue to provide essential services using social distancing techniques and minimal contact. To promote social distancing, we are encouraging our residents to use our online rent payment portals and other payment methods. We continue to implement numerous health and safety measures at our communities and our main office to keep team members safe. These measures include increased cleaning and sanitation of shared spaces and social distancing protocols throughout our footprint. We closely monitor and track orders by federal, state and local authorities, provide status update to our operations and main office leadership teams, and adjust our operating processes accordingly. We have implemented and continue to encourage remote working arrangements, wherever possible, to keep our team members safe and to do our part to promote social distancing.

We remain committed to assisting individuals who are in the process of leasing a site, a wet slip, a dry storage space, or purchasing a home, while maintaining health and safety protocols including following strict social distancing. Virtual viewings of homes are being utilized to avoid or minimize contact.

The extent to which the COVID-19 pandemic impacts our operations, financial condition and financial results will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. The uncertainty of this situation precludes any prediction as to the full impact of the COVID-19 pandemic.

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 2020 Annual Report.

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 is derived from 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 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.

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, impairment and excluding 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. We also 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 Core FFO provides 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 performance measure or GAAP cash flow from operations as a liquidity measure. 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. Further, 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.

RESULTS OF OPERATIONS

The following tables reconcile the Net income attributable to Sun Communities, Inc. common stockholders to NOI and summarize our consolidated financial results for the three and nine months ended September 30, 2021 and 2020 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net Income Attributable to Sun Communities, Inc. Common Stockholders	$ 231,770	$ 81,204	$ 367,322	$ 124,028
Interest income	(2,690)	(2,624)	(8,040)	(7,609)
Brokerage commissions and other revenues, net	(8,841)	(5,881)	(21,740)	(13,068)
General and administrative expense	43,276	26,834	126,606	78,710
Catastrophic event-related charges, net	328	14	3,097	54
Business combination expense	—	—	1,031	—
Depreciation and amortization	127,091	88,499	378,068	259,453
Loss on extinguishment of debt (see Note 8)	—	—	8,108	5,209
Interest expense	39,026	30,214	116,224	94,058
Interest on mandatorily redeemable preferred OP units / equity	1,047	1,047	3,124	3,130
(Gain) / loss on remeasurement of marketable securities (see Note 14)	(12,072)	(1,492)	(43,227)	2,636
(Gain) / loss on foreign currency translation	7,028	(5,023)	7,107	2,496
Gain on dispositions of properties	(108,104)	(5,595)	(108,104)	(5,595)
Other expense, net	9,372	3,511	10,041	4,890
(Gain) / loss on remeasurement of notes receivable (see Note 4)	(92)	445	(561)	2,311
Income from nonconsolidated affiliates (see Note 6)	(962)	(1,204)	(2,927)	(1,348)
Loss on remeasurement of investment in nonconsolidated affiliates (see Note 6)	119	446	130	1,505
Current tax (benefit) / expense (see Note 12)	402	(107)	1,418	462
Deferred tax (benefit) / expense (see Note 12)	1,155	(562)	1,074	(804)
Preferred return to preferred OP units / equity interests	3,101	1,645	9,000	4,799
Income attributable to noncontrolling interests	15,290	6,907	22,629	8,806
NOI	$ 346,244	$ 218,278	$ 870,380	$ 564,123

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Real Property NOI	$ 295,779	$ 204,271	$ 753,173	$ 538,210
Home Sales NOI	24,532	7,763	58,226	20,790
Service, retail, dining and entertainment expenses NOI	25,933	6,244	58,981	5,123
NOI	$ 346,244	$ 218,278	$ 870,380	$ 564,123

Seasonality of revenue

We evaluate segment operating performance based on NOI. The RV and marina industries are cyclical and seasonal in nature, and the results of operations in any one period may not be indicative of results in future periods.

In the RV market, certain properties maintain higher occupancy during the summer months, while other properties maintain higher occupancy during the winter months. The RV market typically shows a decline in demand over the winter months, yet usually produces higher growth in the spring and summer months due to higher use by vacationers. Real property - transient revenue is included in the RV segment revenue. As of September 30, 2021, we recognized $31.7 million of Real property - transient revenue in the first quarter, $72.7 million in the second quarter, $119.8 million in the third quarter. Real property - transient revenue was approximately $134.7 million for the year ended December 31, 2020. In 2020, Real property - transient was recognized 18.8 percent in the first quarter, 15.6 percent in the second quarter, 44.9 percent in the third quarter and 20.7 percent in the fourth quarter.

In the marina market, demand for wet slip storage increases during the summer months as customers contract for the summer boating season, which also drives non-storage revenue streams such as service, fuel and on-premise restaurants or convenience storage. Demand for dry storage increases during the winter season as seasonal weather patterns require boat owners to store their vessels on dry docks and within covered racks. As of September 30, 2021, we recognized $43.7 million of seasonal Real property revenue in the first quarter, $61.6 million in the second quarter, $73.8 million in the third quarter.

Comparison of the three and nine months ended September 30, 2021 and 2020

Real Property Operations - Total Portfolio

The following tables reflect certain financial and other information for our Total Portfolio as of and for the three and nine months ended September 30, 2021 and 2020 (in thousands, except for statistical information):

	Three Months Ended				Nine Months Ended			
	September 30, 2021	September 30, 2020[(1)]	Change	% Change	September 30, 2021	September 30, 2020[(1)]	Change	% Change
Financial Information								
Revenue								
Real property (excluding Transient)	$ 304,239	$ 211,565	$ 92,674	43.8 %	$ 863,134	$ 626,620	$ 236,514	37.7 %
Real property - transient	126,072	80,412	45,660	56.8 %	235,606	136,473	99,133	72.6 %
Other	48,314	28,511	19,803	69.5 %	116,403	66,871	49,532	74.1 %
Total Operating	478,625	320,488	158,137	49.3 %	1,215,143	829,964	385,179	46.4 %
Expense								
Property Operating	182,846	116,217	66,629	57.3 %	461,970	291,754	170,216	58.3 %
Real Property NOI	$ 295,779	$ 204,271	$ 91,508	44.8 %	$ 753,173	$ 538,210	$ 214,963	39.9 %

(1) Canadian currency figures included within the three and nine months ended September 30, 2020 have been translated at the 2021 average exchange rates.

	As of		
	September 30, 2021	September 30, 2020	Change
Other Information			
Number of properties[(1)]	584	432	152
MH occupancy	96.6 %		
RV occupancy[(2)]	100.0 %		
MH & RV blended occupancy[(3)]	97.4 %	97.2 %	0.2 %
Adjusted MH occupancy[(4)]	97.8 %		
Adjusted RV occupancy[(5)]	100.0 %		
Adjusted MH & RV occupancy[(6)]	98.3 %	98.3 %	— %
Sites available for MH & RV development	10,312	10,130	182
Monthly base rent per site - MH	$ 599	$ 587 [(8)]	$ 12
Monthly base rent per site - RV[(7)]	$ 518	$ 503 [(8)]	$ 15
Monthly base rent per site - Total	$ 580	$ 568 [(8)]	$ 12

(1) Includes MH communities, RV resorts and marinas.
(2) Occupancy percentages include annual RV sites and exclude transient RV sites.
(3) Occupancy percentages include MH and annual RV sites, and exclude transient RV sites.
(4) Adjusted occupancy percentages include MH and exclude recently completed but vacant expansion sites.
(5) Adjusted occupancy percentages include annual RV sites, and exclude transient RV sites and recently completed but vacant expansion sites.
(6) Adjusted occupancy percentages include MH and annual RV sites, and exclude transient RV sites and recently completed but vacant expansion sites.
(7) Monthly base rent pertains to annual RV sites and excludes transient RV sites.
(8) Canadian currency figures included within the three months ended September 30, 2020 have been translated at 2021 average exchange rates.

For the three months ended September 30, 2021, the $91.5 million increase in Real Property NOI consists of $24.1 million from Same Communities as detailed below, $51.0 million from the marinas and $16.4 million from recently acquired properties as compared to the same period in 2020.

For the nine months ended September 30, 2021, the $215.0 million increase in Real Property NOI consists of $63.1 million from Same Communities as detailed below, $117.6 million from marinas and $34.3 million from recently acquired properties in the nine months ended September 30, 2021 as compared to the same period in 2020.

Real Property Operations - Same Community

A key management tool used when evaluating performance and growth of our properties is a comparison of our Same Communities. The Same Communities data includes all properties which we have owned and operated continuously since January 1, 2020, exclusive of properties recently completed or under construction, and other properties as determined by management. The Same Community 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 Communities, management has classified certain items differently than our GAAP statements. The reclassification difference between our GAAP statements and our Same Community portfolio is the reclassification of utility revenues from Real property revenue to operating expenses. A significant portion of our utility charges are re-billed to our residents.

The following tables reflect certain financial and other information for our Same Communities as of and for the three and nine months ended September 30, 2021 and 2020 (in thousands, except for statistical information).

	Three Months Ended											
	Total Same Community				MH				RV			
	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change
Financial Information												
Revenue												
Real property (excluding Transient)	$ 220,291	$ 207,407	$ 12,884	6.2 %	$ 173,979	$ 167,051	$ 6,928	4.1 %	$ 46,312	$ 40,356	$ 5,956	14.8 %
Real property - transient	87,049	67,408	19,641	29.1 %	238	242	(4)	(1.7)%	86,811	67,166	19,645	29.2 %
Other	13,352	9,375	3,977	42.4 %	4,845	2,863	1,982	69.2 %	8,507	6,512	1,995	30.6 %
Total Operating	320,692	284,190	36,502	12.8 %	179,062	170,156	8,906	5.2 %	141,630	114,034	27,596	24.2 %
Expense												
Property Operating	102,413	90,048	12,365	13.7 %	49,567	43,996	5,571	12.7 %	52,846	46,052	6,794	14.8 %
Real Property NOI	$ 218,279	$ 194,142	$ 24,137	12.4 %	$ 129,495	$ 126,160	$ 3,335	2.6 %	$ 88,784	$ 67,982	$ 20,802	30.6 %

	Nine Months Ended											
	Total Same Community				MH				RV			
	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change
Financial Information												
Revenue												
Real property (excluding Transient)	$ 652,978	$ 615,711	$ 37,267	6.1 %	$ 518,511	$ 495,989	$ 22,522	4.5 %	$ 134,467	$ 119,722	$ 14,745	12.3 %
Real property - transient	163,932	117,277	46,655	39.8 %	1,200	1,343	(143)	(10.6)%	162,732	115,934	46,798	40.4 %
Other	31,077	18,424	12,653	68.7 %	14,472	7,778	6,694	86.1 %	16,605	10,646	5,959	56.0 %
Total Operating	847,987	751,412	96,575	12.9 %	534,183	505,110	29,073	5.8 %	313,804	246,302	67,502	27.4 %
Expense												
Property Operating	261,754	228,314	33,440	14.6 %	136,927	124,297	12,630	10.2 %	124,827	104,017	20,810	20.0 %
Real Property NOI	$ 586,233	$ 523,098	$ 63,135	12.1 %	$ 397,256	$ 380,813	$ 16,443	4.3 %	$ 188,977	$ 142,285	$ 46,692	32.8 %

	As of			
	September 30, 2021	September 30, 2020		Change
Other Information				
Number of properties	403	403		—
MH occupancy	97.5 %			
RV occupancy[1]	100.0 %			
MH & RV blended occupancy[2]	98.1 %			
Adjusted MH occupancy[3]	98.5 %			
Adjusted RV occupancy[4]	100.0 %			
Adjusted MH & RV blended occupancy[5]	98.9 %	97.4 %	[6]	1.5 %
Sites available for development	7,092	7,453		(361)
Monthly base rent per site - MH	$ 606	$ 586	[8]	$ 20
Monthly base rent per site - RV[7]	$ 528	$ 503	[8]	$ 25
Monthly base rent per site - Total	$ 588	$ 567	[8]	$ 21

[1] Occupancy percentages include annual RV sites and exclude transient RV sites.

[2] Occupancy percentages include MH and annual RV sites, and exclude transient RV sites.

[3] Adjusted occupancy percentages include MH and exclude recently completed but vacant expansion sites.

[4] Adjusted occupancy percentages include annual RV sites, and exclude transient RV sites and recently completed but vacant expansion sites.

[5] Adjusted occupancy percentages include MH and annual RV sites, and exclude transient RV sites and recently completed but vacant expansion sites.

[6] The occupancy percentages for 2020 have been adjusted to reflect incremental growth period-over-period from newly rented MH expansion sites and the conversion of transient RV sites to annual RV sites.

[7] Monthly base rent pertains to annual RV sites and excludes transient RV sites.

[8] Canadian currency figures included within three months ended September 30, 2020 have been translated at 2021 average exchange rates.

The amounts in the table above reflect constant currency for comparative purposes. We have reclassified water and sewer revenues of $19.1 million and $18.3 million for the three months ended September 30, 2021 and 2020, and $52.2 million and $47.3 million for the nine months ended September 30, 2021 and 2020, to reflect the utility expenses associated with our Same Community portfolio net of recovery.

For the three months ended September 30, 2021 and 2020:

The $24.1 million, or 12.4 percent, growth in Total Same Community NOI is due to a $20.8 million, or 30.6 percent, increase in NOI from the RV segment and $3.3 million, or 2.6 percent, increase in NOI from the MH segment.

The RV segment $20.8 million, or 30.6 percent, increase in NOI is primarily due to an increase in Real property - transient revenue of $19.6 million, or 29.2 percent, when compared to the same period in 2020 due to increased transient and vacation rental traffic.

The MH segment $3.3 million, or 2.6 percent, growth in NOI is primarily due to an increase in Real property (excluding transient) revenue of $6.9 million, or 4.1 percent, when compared to the same period in 2020. MH property (excluding transient) revenue increased due to a 3.4 percent increase in monthly based rent and a 1.5 percent increase in Occupancy.

For the nine months ended September 30, 2021 and 2020:

The $63.1 million, or 12.1 percent, growth in Total Same Community NOI is due to a $46.7 million, or 32.8 percent, increase in NOI from the RV segment and $16.4 million, or 4.3 percent, increase in NOI from the MH segment.

The RV segment $46.7 million, or 32.8 percent, increase in NOI is primarily due to an increase in Real property - transient revenue of $46.8 million, or 40.4 percent, due to increased transient and vacation rental traffic. The results of the comparative 2020 period were impacted by the required closure, or delayed opening, of over 40 of our RV resorts due to the COVID-19 pandemic.

The MH segment $16.4 million, or 4.3 percent, growth in NOI is primarily due to an increase in Real property (excluding transient) revenue of $22.5 million, or 4.5 percent. Real property (excluding transient) revenue increased due to a 3.4 percent increase in monthly base rent per MH site and a 1.5 percent increase in occupancy when compared to the same period in 2020.

Marinas Summary

The following table reflects certain financial and other information for our marinas as of and for the three and nine months ended September 30, 2021 (in thousands, except for statistical information):

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Financial Information		
Revenues		
Real property (excluding transient)	$ 72,888	$ 180,908
Real property - transient	6,251	11,376
Other	5,815	11,134
Total Operating	84,954	203,418
Expenses		
Property Operating[(a)]	33,995	85,816
Real Property NOI	50,959	117,602
Service, retail, dining and entertainment		
Revenue	74,110	200,702
Expense	60,606	159,632
NOI	13,504	41,070
Marina NOI	$ 64,463	$ 158,672

Other Information - Marinas	As of September 30, 2021
Number of properties[(b)]	120
Total wet slips and dry storage	44,859

[(a)] Marina results net $4.3 million and $10.5 million of certain utility revenue against the related utility expense in property operating and maintenance expense for three and nine months ended September 30, 2021.

[(b)] Marina properties consisted of 14 properties acquired in 2021 and 106 properties acquired in 2020.

Home Sales Summary

We purchase new homes and acquire pre-owned and repossessed manufactured homes, generally located within our communities, from lenders, dealers, and former residents to sell or lease to current and prospective residents.

The following table reflects certain financial and statistical information for our Home Sales Program for the three and nine months ended September 30, 2021 and 2020 (in thousands, except for average selling prices and statistical information):

	Three Months Ended				Nine Months Ended			
	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change
Financial Information								
New Homes								
New home sales	$ 31,433	$ 23,734	$ 7,699	32.4 %	$ 89,166	$ 58,536	$ 30,630	52.3 %
New home cost of sales	25,856	19,294	6,562	34.0 %	72,799	47,611	25,188	52.9 %
Gross Profit – new homes	5,577	4,440	1,137	25.6 %	16,367	10,925	5,442	49.8 %
Gross margin % – new homes	17.7 %	18.7 %	(1.0)%		18.4 %	18.7 %	(0.3)%	
Average selling price – new homes	$ 151,850	$ 153,123	$ (1,273)	(0.8)%	$ 152,943	$ 141,391	$ 11,552	8.2 %
Pre-owned Homes								
Pre-owned home sales	$ 49,666	$ 23,928	$ 25,738	107.6 %	$ 125,980	$ 68,243	$ 57,737	84.6 %
Pre-owned home cost of sales	25,840	16,943	8,897	52.5 %	70,369	47,839	22,530	47.1 %
Gross Profit – pre-owned homes	23,826	6,985	16,841	241.1 %	55,611	20,404	35,207	172.5 %
Gross margin % – pre-owned homes	48.0 %	29.2 %	18.8 %		44.1 %	29.9 %	14.2 %	
Average selling price – pre-owned homes	$ 52,006	$ 43,114	$ 8,892	20.6 %	$ 48,981	$ 40,864	$ 8,117	19.9 %
Total Home Sales								
Revenue from home sales	$ 81,099	$ 47,662	$ 33,437	70.2 %	$ 215,146	$ 126,779	$ 88,367	69.7 %
Cost of home sales	51,696	36,237	15,459	42.7 %	143,168	95,450	47,718	50.0 %
Home selling expenses	4,871	3,662	1,209	33.0 %	13,752	10,539	3,213	30.5 %
Home Sales NOI	$ 24,532	$ 7,763	$ 16,769	216.0 %	$ 58,226	$ 20,790	$ 37,436	180.1 %
Statistical Information								
New home sales volume	207	155	52	33.5 %	583	414	169	40.8 %
Pre-owned home sales volume	955	555	400	72.1 %	2,572	1,670	902	54.0 %
Total home sales volume	1,162	710	452	63.7 %	3,155	2,084	1,071	51.4 %

Gross Profit - New Homes

For the three months ended September 30, 2021, the $1.1 million, or 25.6 percent, increase in gross profit is primarily the result of a 33.5 percent increase in new home sales volume, as compared to the same period in 2020.

For the nine months ended September 30, 2021, the $5.4 million, or 49.8 percent, increase in gross profit is primarily the result of a 40.8 percent increase in new home sales volume coupled with a 8.2 percent increase in the new home average selling price, as compared to the same period in 2020.

Gross Profit - Pre-owned Homes

For the three months ended September 30, 2021, the $16.8 million, or 241.1 percent, increase in gross profit is primarily the result of a 72.1 percent increase in pre-owned home sales volume, coupled with a 18.8 percent increase in gross margin, primarily due to a 20.6 percent increase in the pre-owned home average selling price, as compared to the same period in 2020.

For the nine months ended September 30, 2021, the $35.2 million, or 172.5 percent, increase in gross profit is primarily the result of a 54.0 percent increase in pre-owned home sales volume, coupled with a 14.2 percent increase in gross margin, primarily due to a 19.9 percent increase in the pre-owned home average selling price, as compared to the same period in 2020.

Homes sales NOI

For the three months ended September 30, 2021, the $16.8 million, or 216.0 percent, increase in NOI is primarily the result of a 63.7 percent increase in home sales volume, coupled with an increase in pre-owned home average selling price, as compared to the same period in 2020.

For the nine months ended September 30, 2021, the $37.4 million, or 180.1 percent, increase in NOI is primarily the result of a 51.4 percent increase in home sales volume coupled with an increase in home average selling price, as compared to the same period in 2020.

Rental Program Summary

The following table reflects certain financial and other information for our Rental Program as of and for the three and nine months ended September 30, 2021 and 2020 (in thousands, except for other information):

	Three Months Ended				Nine Months Ended			
	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change
Financial Information								
Revenues								
Home rent	$ 16,369	$ 16,171	$ 198	1.2 %	$ 50,451	$ 46,607	$ 3,844	8.2 %
Site rent	17,584	19,101	(1,517)	(7.9)%	55,350	55,699	(349)	(0.6)%
Total	33,953	35,272	(1,319)	(3.7)%	105,801	102,306	3,495	3.4 %
Expenses								
Rental Program operating and maintenance	5,547	5,328	219	4.1 %	15,332	14,576	756	5.2 %
Rental Program NOI	$ 28,406	$ 29,944	$ (1,538)	(5.1)%	$ 90,469	$ 87,730	$ 2,739	3.1 %
Other Information								
Number of sold rental homes	307	225	82	36.4 %	799	581	218	37.5 %
Number of occupied rentals, end of period					10,123	11,729	(1,606)	(13.7)%
Investment in occupied rental homes, end of period					$ 559,021	$ 625,922	$ (66,901)	(10.7)%
Weighted average monthly rental rate, end of period					$ 1,114	$ 1,032	$ 82	7.9 %

The Rental Program NOI is included in Real Property NOI. The Rental Program NOI is separately reviewed to assess the overall growth and performance of the Rental Program and its financial impact on the Company's operations.

For the three months ended September 30, 2021, Rental Program NOI decreased $1.5 million, or 5.1 percent as compared to the same period in 2020. The decrease is primarily due to a $1.5 million or 7.9 percent decrease in site rent revenue driven by a 13.7 percent decrease in number of occupied rental homes, as compared to the same period in 2020.

For the nine months ended September 30, 2021, Rental Program NOI increased $2.7 million, or 3.1 percent as compared to the same period in 2020. The increase is primarily due to an increase in Rental Program revenue of $3.5 million, or 3.4 percent, due to a 7.9 percent increase in the weighted average monthly rental rate, as compared to the same period in 2020.

Other Items - Statements of Operations[1]

The following table summarizes other income and expenses for the three and nine months ended September 30, 2021 and 2020 (in thousands):

	Three Months Ended				Nine Months Ended			
	September 30, 2021	September 30, 2020	Change	% Change	September 30, 2021	September 30, 2020	Change	% Change
Service, retail, dining and entertainment, net	$ 25,933	$ 6,244	$ 19,689	315.3 %	$ 58,981	$ 5,123	$ 53,858	N/M
Interest income	$ 2,690	$ 2,624	$ 66	2.5 %	$ 8,040	$ 7,609	$ 431	5.7 %
Brokerage commissions and other, net	$ 8,841	$ 5,881	$ 2,960	50.3 %	$ 21,740	$ 13,068	$ 8,672	66.4 %
General and administrative expense	$ 43,276	$ 26,834	$ 16,442	61.3 %	$ 126,606	$ 78,710	$ 47,896	60.9 %
Catastrophic event-related charges, net	$ 328	$ 14	$ 314	N/M	$ 3,097	$ 54	$ 3,043	N/M
Business combination expense, net	$ —	$ —	$ —	N/A	$ 1,031	$ —	$ 1,031	N/A
Depreciation and amortization	$ 127,091	$ 88,499	$ 38,592	43.6 %	$ 378,068	$ 259,453	$ 118,615	45.7 %
Loss on extinguishment of debt (see Note 8)	$ —	$ —	$ —	N/A	$ 8,108	$ 5,209	$ 2,899	55.7 %
Interest expense	$ 39,026	$ 30,214	$ 8,812	29.2 %	$ 116,224	$ 94,058	$ 22,166	23.6 %
Interest on mandatorily redeemable preferred OP units / equity	$ 1,047	$ 1,047	$ —	N/A	$ 3,124	$ 3,130	$ (6)	(0.2)%
Gain / (loss) on remeasurement of marketable securities (see Note 14)	$ 12,072	$ 1,492	$ 10,580	709.1 %	$ 43,227	$ (2,636)	$ 45,863	N/M
Gain / (loss) on foreign currency translation	$ (7,028)	$ 5,023	$ (12,051)	(239.9)%	$ (7,107)	$ (2,496)	$ (4,611)	184.7 %
Other expense, net	$ (9,372)	$ (3,511)	$ (5,861)	166.9 %	$ (10,041)	$ (4,890)	$ (5,151)	105.3 %
Gain / (loss) on remeasurement of notes receivable (see Note 4)	$ 92	$ (445)	$ 537	120.7 %	$ 561	$ (2,311)	$ 2,872	124.3 %
Income from nonconsolidated affiliates (see Note 6)	$ 962	$ 1,204	$ (242)	(20.1)%	$ 2,927	$ 1,348	$ 1,579	117.1 %
Loss on remeasurement of investment in nonconsolidated affiliates (see Note 6)	$ (119)	$ (446)	$ 327	(73.3)%	$ (130)	$ (1,505)	$ 1,375	(91.4)%
Current tax benefit / (expense) (see Note 12)	$ (402)	$ 107	$ (509)	475.7 %	$ (1,418)	$ (462)	$ (956)	206.9 %
Deferred tax benefit / (expense) (see Note 12)	$ (1,155)	$ 562	$ (1,717)	(305.5)%	$ (1,074)	$ 804	$ (1,878)	(233.6)%
Preferred return to preferred OP units / equity interests	$ 3,101	$ 1,645	$ 1,456	88.5 %	$ 9,000	$ 4,799	$ 4,201	87.5 %
Income attributable to noncontrolling interests	$ 15,290	$ 6,907	$ 8,383	121.4 %	$ 22,629	$ 8,806	$ 13,823	157.0 %

[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.

Service, retail, dining and entertainment, net - for the three and nine months ended September 30, 2021, increased primarily due to the addition of service revenue from the Safe Harbor acquisition.

Brokerage commissions and other, net - for the three and nine months ended September 30, 2021, increased primarily due to an increase in brokerage commissions as a result of an increase in the number of brokered home sales, as compared to 2020.

General and administrative expenses - for the three and nine months ended September 30, 2021, increased primarily due to an increase in wages and incentives driven by growth in strategic initiatives and acquisition activity, including the acquisition of Safe Harbor, as compared to the same period in 2020.

Catastrophic event-related charges, net - for the three and nine months ended September 30, 2021, increased primarily due to fire damages and the impact of named weather events.

Depreciation and amortization - for the three and nine months ended September 30, 2021, increased as a result of property acquisitions during 2020 and 2021. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional information.

Loss on extinguishment of debt - for the nine months ended September 30, 2021, increased primarily due to the termination of the Safe Harbor line of credit and financing activities as compared to the same period in 2020. Refer to Note 8, "Debt and Line of Credit," in our accompanying Consolidated Financial Statements for additional information.

Interest expense - for the three and nine months ended September 30, 2021, increased primarily due to the higher carrying balance of debt as compared to the same period in 2020. 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 nine months ended September 30, 2021, the increase was a reflection of the increase of publicly traded marketable securities. Refer to Note 14, "Fair Value of Financial Instruments," in our accompanying Consolidated Financial Statements for additional information.

Gain / (loss) on foreign currency translation - for the three months ended September 30, 2021, there was a $7.0 million loss as compared to a $5.0 million gain in the same period in 2020, primarily due to fluctuations in exchange rates on Canadian and Australian denominated currencies. For the nine months ended September 30, 2021, there was a $7.1 million loss as compared to a $2.5 million loss in the same period in 2020.

Other expense, net - for the three and nine months ended September 30, 2021, the increase was primarily due to an estimated contingent liability related to potential termination of certain ground leases.

Gain / (loss) on remeasurement of notes receivable - represents the change in fair value of our in-house financing notes receivable portfolio, for which we elected the fair value option on January 1, 2020. Refer to Note 4, "Notes and Other Receivables," and Note 14, "Fair Value of Financial Instruments," in our accompanying Consolidated Financial Statements for additional information.

Income from nonconsolidated affiliates - decreased primarily due to losses incurred at the RezPlot and SV Lift nonconsolidated affiliates during the three months ended September 30, 2021. For the nine months ended September 30, 2021, there was a $1.6 million increase primarily due to increased income at GTSC and the Sungenia JV nonconsolidated affiliate as compared to the same period in 2020. Refer to Note 6, "Investment in Nonconsolidated Affiliates," in our accompanying Consolidated Financial Statements for additional information.

Current tax benefit / (expense) - for the three months ended September 30, 2021, current tax expense was $0.4 million as compared to current tax benefit of $0.1 million. For the nine months ended September 30, 2021, current tax expense increased as compared to the same period in 2020, primarily due to improved financial performance of the Company and its consolidated VIEs and a change in the quarterly tax allocation process. Refer to Note 12, "Income Taxes," in our accompanying Consolidated Financial Statements for additional information.

Deferred tax benefit / (expense) - for the three and nine months ended September 30, 2021, deferred tax expense was $1.2 million and $1.1 million as compared to deferred tax benefit of $0.6 million and $0.8 million in the same periods in 2020, respectively, primarily due to improved financial performance of the Company and its consolidated VIEs and change in the quarterly tax allocation process. Refer to Note 12, "Income Taxes," in our accompanying Consolidated Financial Statements for additional information.

Preferred return to preferred OP units / equity interests - for the three and nine months ended September 30, 2021, increased primarily as a result of the volume of preferred OP units issued in conjunction with various acquisitions since 2020. Refer to Note 3, "Real Estate Acquisitions and Dispositions," and Note 9, "Equity and Temporary Equity," of our accompanying Consolidated Financial Statements for additional information.

Income attributable to noncontrolling interests - for the three and nine months ended September 30, 2021, increased as compared to the same period in 2020, primarily due to improved financial performance of the Company and its consolidated VIEs. Refer to Note 7, "Consolidated Variable Interest Entities," in our accompanying Consolidated Financial Statements for additional information.

Reconciliation of Net Income Attributable to Sun Communities, Inc. Common Stockholders to FFO

The following table reconciles Net income attributable to Sun Communities, Inc. common stockholders to FFO for the three and nine months ended September 30, 2021 and 2020 (in thousands, except per share amounts):

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net Income Attributable to Sun Communities, Inc. Common Stockholders	$ 231,770	$ 81,204	$ 367,322	$ 124,028
Adjustments				
Depreciation and amortization	126,814	88,495	377,367	259,543
Depreciation on nonconsolidated affiliates	30	9	91	28
(Gain) / loss on remeasurement of marketable securities	(12,072)	(1,492)	(43,227)	2,636
Loss on remeasurement of investment in nonconsolidated affiliates	119	446	130	1,505
(Gain) / loss on remeasurement of notes receivable	(92)	445	(561)	2,311
Income attributable to noncontrolling interests	4,616	6,196	13,678	7,725
Preferred return to preferred OP units	—	498	—	1,498
Interest expense on Aspen preferred OP units	514	514	1,542	1,542
Gain on dispositions of properties	(108,104)	(5,595)	(108,104)	(5,595)
Gain on dispositions of assets, net	(20,526)	(5,511)	(46,245)	(15,251)
FFO Attributable to Sun Communities, Inc. Common Stockholders and Dilutive Convertible Securities[1]	223,069	165,209	561,993	379,970
Adjustments				
Business combination expense and other acquisition related costs[2]	2,477	402	6,714	1,291
Loss on extinguishment of debt	—	—	8,108	5,209
Catastrophic event-related charges, net	318	15	3,096	54
(Gain) / loss on earnings - catastrophic event-related[3]	200	(300)	400	—
(Gain) / loss on foreign currency translation	7,028	(5,024)	7,107	2,496
Other adjustments, net[4]	11,443	2,322	11,505	2,819
Core FFO Attributable to Sun Communities, Inc. Common Stockholders and Dilutive Convertible Securities[1]	$ 244,535	$ 162,624	$ 598,923	$ 391,839
Weighted average common shares outstanding - basic	115,136	97,542	111,717	95,270
Add				
Common shares dilutive effect from forward equity sale	—	6	—	2
Common stock issuable upon conversion of stock options	—	1	—	1
Restricted stock	438	390	414	395
Common OP units	—	2,476	2,574	2,445
Common stock issuable upon conversion of certain preferred OP units	388	1,213	396	1,220
Weighted Average Common Shares Outstanding - Fully Diluted	115,962	101,628	115,101	99,333
FFO Attributable to Sun Communities, Inc. Common Stockholders and Dilutive Convertible Securities Per Share - Fully Diluted	$ 1.92	$ 1.63	$ 4.88	$ 3.83
Core FFO Attributable to Sun Communities, Inc. Common Stockholders and Dilutive Convertible Securities Per Share - Fully Diluted	$ 2.11	$ 1.60	$ 5.20	$ 3.94

(1) The effect of certain anti-dilutive convertible securities is excluded from these items.

(2) These costs represent business combination expenses and expenses incurred to bring recently acquired properties up to our operating standards, including items such as tree trimming and painting costs that do not meet our 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 which had not yet been received from our insurer.

(4) Other adjustments, net include the change in estimated contingent consideration payments, long term lease termination expense and deferred tax (benefit) / expense for the three and nine months ended September 30, 2021 and 2020, RV rebranding non-recurring cost for the three and nine months ended September 30, 2021, and deferred compensation amortization upon retirement for the nine months ended September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Our principal liquidity demands have historically been, and are expected to continue to be, distributions to our stockholders and the unit holders of the Operating Partnership, capital improvement of properties, the purchase of new and pre-owned homes, property acquisitions, development and expansion of properties, and debt repayment.

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 line of credit, the assumption of existing debt on properties and the issuance of debt and equity securities. We will continue to evaluate acquisition opportunities that meet our criteria. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in the accompanying Consolidated Financial Statements for information regarding recent property acquisitions.

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 intend to meet our liquidity requirements through available cash balances, cash flows generated from operations, draws on our line of credit, 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 the accompanying Consolidated Financial Statements for additional information.

Capital Expenditures - MH, RV and Marinas

Our capital expenditures include expansion sites and development construction costs, lot modifications, recurring capital expenditures and rental home purchases.

Expansion and development activities costs of $145.6 million and $197.7 million, were incurred for the nine months ended September 30, 2021 and 2020, respectively. 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 communities and RV resorts. Expenditures also include costs to rebuild after damage has been incurred at MH, RV or marina properties.

Lot modification capital expenditures were $20.3 million and $21.8 million, for the nine months ended September 30, 2021 and 2020, respectively, at our MH and RV properties. 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.

Recurring capital expenditures at our MH and RV properties were $31.5 million and $17.4 million, for the nine months ended September 30, 2021 and 2020, respectively. These expenditures relate to our continued commitment to the upkeep of our MH and RV properties. Recurring capital expenditures at our marinas were $10.3 million for the nine months ended September 30, 2021, and include items such as dredging, dock repairs and improvements, and equipment maintenance and upgrades.

Growth project expenditures were $57.7 million and $15.2 million, for the nine months ended September 30, 2021 and 2020, respectively. Growth projects consist of revenue generating or expense reducing activities at MH communities, RV resorts and marinas. This includes, but is 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.

We invest in the acquisition of homes intended for the Rental Program and the purchase of vacation rental homes for rental at our RV resorts. Expenditures for these investments depend upon the condition of the markets for repossessions and new home sales, rental homes and vacation rental homes. We finance certain of our new home and vacation rental home purchases with a $12.0 million manufactured home floor plan facility. Our ability to purchase homes for sale or rent may be limited by cash received from third-party financing of our home sales, available manufactured home floor plan financing and working capital available on our line of credit.

Cash Flow Activities

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

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Net Cash Provided by Operating Activities	$ 656,010	$ 464,458
Net Cash Used for Investing Activities	$ (1,363,152)	$ (665,708)
Net Cash Provided by Financing Activities	$ 700,389	$ 281,997
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	$ (269)	$ (48)

Cash, cash equivalents, and restricted cash decreased by approximately $7.0 million from $92.6 million as of December 31, 2020, to $85.6 million as of September 30, 2021.

<u>*Operating Activities*</u> - Net cash provided by operating activities increased by $191.5 million from $464.5 million for the nine months ended September 30, 2020 to $656.0 million for the nine months ended September 30, 2021.

Our net cash flows provided by operating activities from continuing operations may be adversely impacted by, among other things: (a) the market and economic conditions in our current markets generally, and specifically in metropolitan areas of our current markets; (b) lower occupancy and rental rates of our properties; (c) increased operating costs, such as wage and benefit costs, insurance premiums, real estate taxes and utilities, that cannot be passed on to our tenants; (d) decreased sales of manufactured homes; (e) current volatility in economic conditions and the financial markets; and (f) the effects of the COVID-19 pandemic. See "Risk Factors" in Part I, Item 1A of our 2020 Annual Report.

<u>*Investing Activities*</u> - Net cash used for investing activities was $1.4 billion for the nine months ended September 30, 2021, compared to $665.7 million for the nine months ended September 30, 2020. Refer to Note 3, "Real Estate Acquisitions and Dispositions," in our accompanying Consolidated Financial Statements for additional information.

<u>*Financing Activities*</u> - Net cash provided by financing activities increased by $418.4 million from $282.0 million for the nine months ended September 30, 2020 to $700.4 million for the nine months ended September 30, 2021. 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.

Financial Flexibility

In March 2020, the SEC adopted amendments to Rule 3-10 of Regulation S-X and created Rule 13-01 to simplify disclosure requirements related to certain registered securities. The rule became effective January 4, 2021. In April 2021, we filed a new universal shelf registration statement on Form S-3 with the SEC registering, among other securities, debt securities of the Operating Partnership, which are fully and unconditionally guaranteed by us.

Public Equity Offerings

On March 2, 2021, we priced a $1.1 billion underwritten public offering of an aggregate of 8,050,000 shares at a public offering price of $140.00 per share, before underwriting discounts and commissions. The offering consisted of 4,000,000 shares offered directly by us and 4,050,000 shares offered under a forward equity sales agreement. We sold the 4,000,000 shares on March 9, 2021 and received net proceeds of $537.6 million after deducting expenses related to the offering. In May and June 2021, we completed the physical settlement of the remaining 4,050,000 shares and received net proceeds of $539.7 million after deducting expenses related to the offering. Proceeds from the offering were used to acquire assets and pay down the Safe Harbor Facility.

On September 30, 2020 and October 1, 2020, we entered into two forward sale agreements (the "September 2020 Forward Equity Offerings") relating to an underwritten registered public offering of 9,200,000 shares of our common stock at a public offering price of $139.50 per share. The offering closed on October 5, 2020. On October 26, 2020, we physically settled the September 2020 Forward Equity Offerings (by the delivery of shares of our common stock). Proceeds from the offering were approximately $1.23 billion after deducting expenses related to the offering. We used the net proceeds of this offering to fund the cash portion of the acquisition of Safe Harbor purchase price, and for working capital and general corporate purposes.

In May 2020, we closed an underwritten registered public offering of 4,968,000 shares of common stock. Proceeds from the offering were $633.1 million after deducting expenses related to the offering. We used the net proceeds of this offering to repay borrowings outstanding under the revolving loan under our senior credit facility.

At the Market Offering Sales Agreements

On June 4, 2021, we entered into 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 $500.0 million 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. The sales agents and forward sellers are entitled to compensation in an agreed amount not to exceed 2.0 percent of the gross price per share for any shares sold under the Sales Agreement. We forward sold 107,400 shares of common stock under the new Sales Agreement for $21.4 million during the three and nine months ended September 30, 2021. The forward shares are not physically settled as of September 30, 2021. The forward shares will expire if not settled by September 2022.

Upon entering into the Sales Agreement, we simultaneously terminated our previous At the Market Offering Sales Agreement entered into in July 2017. There were no issuances of common stock under the prior sales agreement during the six months ended June 30, 2021 or during the year ended December 31, 2020. Through June 4, 2021, we sold shares of our common stock for gross proceeds of $163.8 million under the prior sales agreement.

Senior Unsecured Notes

In June 2021, we received investment grade ratings of BBB and Baa3 with a stable outlook from S&P Global and Moody's, respectively. Our credit ratings are based on our operating performance, liquidity and leverage ratios, overall financial position and other factors employed by the credit rating agencies in their rating analysis of us, and, although it is our intent to maintain our investment grade credit ratings, there can be no assurance that we will be able to maintain our current credit ratings. In the event our current credit ratings are downgraded, it may become difficult or more expensive to obtain additional financing or refinance existing indebtedness as maturities become due.

In June 2021, we issued $600.0 million of senior unsecured notes with an interest rate of 2.7 percent and a ten-year term, due July 15, 2031 (the "2031 Notes"). The net proceeds from the offering were approximately $592.4 million, after deducting underwriters' discounts and estimated offering expenses. The proceeds were used to pay down borrowings under our line of credit.

The obligations of the Operating Partnership to pay principal, premiums, if any, and interest on the 2031 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 the parent 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.

Unsecured Term Loan

In October 2019, we assumed a term loan facility, in the amount of $58.0 million in relation to an acquisition. The term loan has a four-year term ending October 29, 2023, and bears interest at a floating rate based on the Eurodollar rate or Prime rate plus a margin ranging from 1.20 percent to 2.05 percent. 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 0.80 percent to 1.60 percent. As of September 30, 2021, the margin was 0.95 percent. The outstanding balance was $35.3 million at September 30, 2021 and $45.0 million at December 31, 2020.

Line of Credit

On June 14, 2021, we entered into a new credit agreement with certain lenders. The New Credit Agreement combined and replaced our prior $750.0 million A&R Facility and the $1.8 billion Safe Harbor Facility which were scheduled to mature on May 21, 2023 and October 11, 2024, respectively. The Safe Harbor Facility was terminated in connection with the execution of the New Credit Agreement. We repaid all amounts due and outstanding under the Safe Harbor Facility on or prior to such effective date. We recognized a Loss on extinguishment of debt in our Consolidated Statement of Operations related to the termination of the A&R Facility and Safe Harbor Facility of $0.2 million and $7.9 million, respectively.

Pursuant to the New Credit Agreement, we may borrow up to $2.0 billion under the New Credit Facility. The New Credit Facility is available to fund all of the Company's business, including its marina business conducted by Safe Harbor. The New Credit Agreement also permits, subject to the satisfaction of certain conditions, additional borrowings (with the consent of the lenders) in an amount not to exceed $1.0 billion with the option to treat all, or a portion, of such additional funds as an incremental term loan.

The New Credit Facility has a four-year term ending June 14, 2025, and, at our option, the maturity date may be extended for two additional six-month periods, subject to the satisfaction of certain conditions. However, the maturity date with respect to $500.0 million of available borrowing under the New Credit Facility is October 11, 2024, which, under the terms of the New Credit Agreement, may not be extended. The New Credit Facility bears interest at a floating rate based on the Adjusted Eurocurrency Rate or Australian Bank Bill Swap Bid Rate (BBSY), plus a margin that is determined based on the Company's credit ratings calculated in accordance with the New Credit Agreement, which can range from 0.725 percent to 1.400 percent. As of September 30, 2021, the margin based on our credit ratings was 0.850 percent on the New Credit Facility.

At the lenders' option, the New Credit Facility will become immediately due and payable upon an event of default under the New Credit Agreement. We had $589.5 million of borrowings on the New Credit Facility as of September 30, 2021, all scheduled to mature June 14, 2025. As of December 31, 2020, we had $40.4 million of borrowings on the revolving loan and no borrowings on the term loan under our A&R Facility, respectively. As of December 31, 2020, we had $652.0 million and $500.0 million of borrowings under the revolving loan and term loan under the Safe Harbor Facility, respectively.

The New 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 New Credit Facility, but does reduce the borrowing amount available. At September 30, 2021 and December 31, 2020, we had approximately $3.2 million and $2.4 million (including none and $0.3 million associated with Safe Harbor's prior credit facility) of outstanding letters of credit, respectively.

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

Covenant	Requirement	As of September 30, 2021
Maximum leverage ratio	<65.0%	25.1%
Minimum fixed charge coverage ratio	>1.40	4.34
Maximum dividend payout ratio	<95.0%	49.2%
Maximum secured leverage ratio	<40.0%	16.2%

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

Covenant	Requirement	As of September 30, 2021
Total debt to total assets	≤ 60.0%	34.1%
Secured debt to total assets	≤ 40.0%	24.7%
Consolidated income available for debt service to debt service	≥ 1.50	6.05
Unencumbered total asset value to total unsecured debt	≥ 150.0%	692.7%

As of September 30, 2021, 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.

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.

We had unrestricted cash on hand as of September 30, 2021, of approximately $71.6 million. As of September 30, 2021, there was approximately $1.4 billion of remaining capacity on the New Credit Facility. At September 30, 2021 we had a total of 392 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 effects of the COVID-19 pandemic, 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. See "Risk Factors" in Part I, Item 1A of our 2020 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 September 30, 2021, our net debt to enterprise value was approximately 17.1 percent (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 I preferred OP units and Series J preferred OP units to shares of common stock). Our debt has a weighted average maturity of approximately 9.6 years and a weighted average interest rate of 3.3 percent.

<u>Off-Balance Sheet Arrangements</u>

Our off-balance sheet investments include nonconsolidated affiliates. These investments all have varying ownership structures. Substantially all of our nonconsolidated affiliates are accounted for under the equity method of accounting as we have the ability to exercise significant influence, but not control, over the operating and financial decisions of these joint venture arrangements. Refer to Note 6, "Investment in Nonconsolidated Affiliates," and Note 8, "Debt and Line of Credit," in the accompanying Consolidated Financial Statements, for additional information on our off-balance sheet investments.

Nonconsolidated Affiliate Indebtedness

GTSC - During September 2019, GTSC entered into a warehouse line of credit with a maximum loan amount of $125.0 million. During September 2020 and May 2021, the maximum amount was increased to $180.0 million and $230.0 million, respectively with an option to increase to $255.0 million subject to the lender's consent. As of September 30, 2021, the aggregate carrying amount of debt, including both our and our partner's share, incurred by GTSC was $218.4 million (of which our proportionate share is $87.3 million). The debt bears interest at a variable rate based on LIBOR plus 1.65 percent per annum and matures on September 15, 2023. Refer to Note 6, "Investment in Nonconsolidated Affiliates," in the accompanying Consolidated Financial Statements for additional information on our nonconsolidated affiliates.

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 $19.5 million converted at the September 30, 2021 exchange rate. As of September 30, 2021, the aggregate carrying amount of debt, including both our and our partners' share, incurred by Sungenia JV was $6.2 million (of which our proportionate share is $3.1 million). The debt bears interest at a variable rate based on Australian BBSY plus 2.05 percent per annum and is available for a minimum of three years. Refer to Note 6, "Investment in Nonconsolidated Affiliates," in the accompanying Consolidated Financial Statements for additional information on our nonconsolidated affiliates.

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 filing 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 filing. These risks and uncertainties 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 2020 Annual Report, and in our other filings with the SEC, such risks and uncertainties include, but are not limited to:

- outbreaks of disease, including the COVID-19 pandemic, and related stay-at-home orders, quarantine policies and restrictions on travel, trade and business operations;
- changes in general economic conditions, the real estate industry and the markets in 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 senior unsecured notes;
- availability of capital;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian and Australian dollars;
- 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 property 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 filing, 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 $624.8 million and $79.3 million as of September 30, 2021 and 2020, respectively, and bears interest at the Adjusted Eurocurrency Rate or BBSY rate, plus a margin, and Prime or various LIBOR rates, respectively. If Adjusted Eurocurrency Rate or BBSY rate, and Prime or LIBOR rates increased or decreased by 1.0 percent, our interest expense would have increased or decreased by approximately $7.1 million and $1.7 million for the nine months ended September 30, 2021 and 2020, respectively, based on the $945.7 million and $231.1 million average balances outstanding under our variable rate debt facilities, respectively.

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 Canadian properties, and our Australian equity investment and joint venture 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 September 30, 2021 and December 31, 2020, our stockholder's equity included $297.1 million and $250.8 million from our Canadian subsidiaries and Australian equity investments, respectively, which represented 4.4 percent and 4.5 percent of total stockholder's equity, respectively. Based on our sensitivity analysis, a 10.0 percent strengthening of the U.S. dollar against the Canadian and Australian dollar would have caused a reduction of $29.7 million and $25.1 million to our total stockholder's equity at September 30, 2021 and December 31, 2020.

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 September 30, 2021. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2021.

In October 2020, we completed the acquisition of Safe Harbor and are currently integrating Safe Harbor into our operations, compliance program and internal control processes. Safe Harbor constituted approximately 23 percent of our total assets as of December 31, 2020, including the goodwill and other intangible assets recorded as part of the purchase price allocation, and three percent of our revenues for the year ended December 31, 2020. SEC regulations allow companies to exclude acquisitions from their assessment of internal control over financial reporting during the first year following an acquisition. We are finalizing the integration of Safe Harbor's control framework and expect that to be completed during the three months ending December 31, 2021. Accordingly, we have excluded the acquired operations of Safe Harbor from our assessment of our internal control over financial reporting for the nine months ended September 30, 2021. As of September 30, 2021, Safe Harbor represented approximately 28 percent of our total assets and 24 percent of our revenues in the nine months ended September 30, 2021.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the three months ended September 30, 2021 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

Refer to "Legal Proceedings" in Part 1 - Item 1 - Note 15, "Commitments and Contingencies," in our accompanying Consolidated Financial Statements.

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 2020 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 September 30, 2021:

		Three Months Ended September 30, 2021	
Series	Conversion Rate	Units / Shares Converted	Common Stock[1]
Common OP units	1.0000	40,862	40,862
Series A-1 preferred OP units	2.4390	12,686	30,939

[1] Calculation may yield minor differences due to rounding incorporated in the above numbers.

All of the above shares of common stock were issued in private placements in reliance on Section 4(a)(2) of the Securities Act, including Regulation D promulgated thereunder, based on certain investment representations made by the parties to whom the securities were issued. No underwriters were used in connection with any of such issuances.

ITEM 6. EXHIBITS

Exhibit No.	Description	Method of Filing
3.1	Sun Communities, Inc. Articles of Restatement	Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K filed on February 22, 2018
3.2	Third Amended and Restated Bylaws	Incorporated by reference to Sun Communities Inc.'s Current Report on Form 8-K filed on May 12, 2017
4.1	Second Supplemental Indenture, dated as of September, 2021 by and among Sun Communities Operating Limited Partnership, Sun Communities, Inc., and UMB Bank, N.A. as trustee	Incorporated by reference to Sun Communities Inc.'s Current Report on Form 8-K filed on October 5, 2021
4.2	Form of Global Note for 2.300% Notes due 2028	Incorporated by reference to Sun Communities Inc.'s Current Report on Form 8-K filed on October 5, 2021
10.1*	Employment Agreement dated July 16, 2021 among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Bruce Thelen#	Incorporated by reference to Sun Communities Inc.'s Current Report on Form 8-K filed on July 20, 2021
10.2*	Employment Agreement dated October 18, 2021 among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Aaron Weiss#	Incorporated by reference to Sun Communities Inc.'s Current Report on Form 8-K filed on October 18, 2021
22.1	List 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 pursuance 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.

Management contract or compensatory plan or arrangement.

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: October 26, 2021	By:	/s/ Karen J. Dearing
		Karen J. Dearing, Chief Financial Officer and Secretary (Duly authorized officer and principal financial officer)

List of Issuers of Guaranteed Securities

As of October 26, 2021, Sun Communities Operating Limited Partnership was the issuer of the debt instruments indicated below guaranteed by Sun Communities, Inc.

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

Exhibit 31.1

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: October 26, 2021

/s/ Gary A. Shiffman
Gary A. Shiffman, Chief Executive Officer

Exhibit 31.2

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

I, Karen J. Dearing, 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: October 26, 2021

/s/ Karen J. Dearing
Karen J. Dearing, Chief Financial Officer

Exhibit 32.1

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 Karen J. Dearing, 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 September 30, 2021, 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	**Date**
/s/ Gary A. Shiffman Gary A. Shiffman, Chief Executive Officer	October 26, 2021
/s/ Karen J. Dearing Karen J. Dearing, Chief Financial Officer	October 26, 2021

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.